Draft

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PAGE PARTNERSHIP FOR ACTION ON GREEN ECONOMY

A GUIDELINE FOR SUSTAINABLE PUBLIC PROCUREMENT

Adapted for use by Mongolian public procurement officers of all level budgetary bodies

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The Guidelines are based on the publication of UN Environment's "Sustainable Public Procurement Implementation Guidelines: Introducing UNEP's Approach" of 2012 and incorporates the reports and studies of Mongolia undertaken with the support and technical assistance of PAGE/UN Environment on Sustainable Public Procurement during the 2015-2016 period.

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ABBREVIATIONS

CNDS	Comprehensive National Development Strategy
CSO	Civil society organizations
ECF	Elemental chlorine free
EU	European Commission
GAPCSP	Government agency for policy coordination on state property
GDP	Gross Domestic Product
GGGI	Global Green Growth Institute
GHG	Greenhouse gas emissions
GIZ (GmbH)	Deutsche Gesellschaft für Internationale Zusammenarbeit
IMF	International Monetary Fund
INDC	Intended Nationally Determined Contributions
MAP21	Mongolian Action Program 2001
MDGs	Millennium Development Goals
MNT	Mongolian National Togrog
MOF	Ministry of Finance
NDC	Nationally Determined Contributions
NGDP	National Green Development Policy of Mongolia
PAGE	Partnership for Action on Green Economy
PCF	Process chlorine free
PPLM	Public Procurement Law of Mongolia
SDG	Sustainable Development Goals
SDV	Sustainable development vision
SMEs	Small and medium-size enterprises
SPP	Sustainable public procurement
TCF	Totally chlorine free
UN	United Nations
USD	United States Dollar
VOC	Volatile organic compounds

EXECUTIVE SUMMARY

With vast agricultural and mineral resources and an increasingly educated population, Mongolia's long-term development prospects are bright. At the same time, Mongolia continues to face important environmental challenges, such as land degradation, air and water pollution and increasing carbon dioxide emissions. The UN Partnership for Action on Green Economy (PAGE) started its engagement in Mongolia in 2013, supporting the development of the National Green Development Policy (NGDP), which was approved by Parliament in 2014. With the NGDP, Mongolia has a national framework in place that sets clear goals for a green development pathway of the country, centered on the promotion of sustainable consumption and production practices, sustainable ecosystem carrying capacities, increased investment in natural capital, human development, green technology, and green lifestyles and education.

National government procurement policy is the key driver for shifting public expenditure to green public expenditure and a signal for markets to shift to sustainable production. In 2014, Mongolian Government spending approximately represented 32% of GDP, while public procurement of products and services accounted for about 12% of GDP.

In support of the NGDP goal to ensure that by 2020 at least 20% of public procurement would be green, PAGE, through its partner UN Environment, has supported the Ministry of Finance to incorporate sustainability principles into the national public procurement framework. The methodology applied in Mongolia is the "UN Environment SPP Approach", which is conceived as a series of steps followed by governments to first design and then implement SPP action plans.

A status analysis of public procurement, prioritization exercise of goods for sustainable procurement, and a market readiness analysis were conducted in 2015 and 2016 under PAGE, resulting in the selection of three priority products (A4 copy paper, printer ink cartridges and lightweight concrete blocks) that will be procured utilizing sustainability criteria. Both PAGE and UN Environment's SPPEL project have supported the development of Amendments to the Law on Public Procurement, as well as a National Action Plan for SPP Implementation.

One of the key steps of the UN Environment's SPP Approach is to develop and apply SPP guidelines at the country level. The SPP Guidelines for Mongolia is a country-specific manual, based on UN Environment's 2012 publication "Sustainable Public Procurement Implementation Guidelines: Introducing UNEP's Approach." Furthermore, these Guidelines have extensively utilized and incorporated information and findings from the studies and reports done in 2015-2016 through PAGE, with the technical assistance from UN Environment. These reports include:

- Assessment Report: Sustainable Public Procurement Status in Mongolia, 2015;
- Prioritization Exercise Report of Mongolia, 2015;
- Review of the Public Procurement Legal Framework of Mongolia, 2016; and

- Market Readiness Analysis on Sustainable Public Procurement in Mongolia, 2016.

These Guidelines aim to provide guidance to all governments and organizations interested in the implementation of SPP. The Guidelines are organized according to five chapters.

The First Chapter (Links between sustainable development and sustainable public procurement) explores the relationship between SPP and (1) the 2030 Agenda for Sustainable Development, (2) Sustainable Development Goals (SDGs) and (3) national policies.

The Second Chapter (Introduction to Sustainable Public Procurement) provides a fundamental understanding of SPP and Green Public Procurement, as well as the principles, objectives and key benefits of SPP described in various relevant publications. This Chapter also describes SPP objectives in Mongolia.

The Third Chapter (Mongolia's pathway towards sustainable public procurement) provides an understanding of Mongolia's current public procurement system, legal and institutional framework, and steps and actions that Mongolia has taken to apply the UN Environment SPP Approach. This Chapter also focuses on the market availability and applicable sustainability criteria for A4 paper, printer ink cartridges and lightweight concrete blocks. The reason for incorporating these specific issues is to assist government at all levels and state organisations to plan, apply and purchase these products through pilot tenders.

The Fourth Chapter (Implementation of sustainable public procurement throughout the procurement process) describes how sustainability criteria can be integrated throughout the public procurement cycle of Mongolia -- from planning to contract management.

Lastly, the Fifth Chapter (Sustainability criteria for priority products) provides specific sustainability criteria that can be applied in the procurement of printing and copy paper, toner cartridges and concrete blocks..

In addition to various UN Environment SPP publications, these Guidelines have extensively utilized the following sources:

- Agenda for Sustainable Development 2030 and SDGs;
- Sustainable Development Vision of Mongolia;
- Mongolian Public Procurement Law;
- National Green Development Policy of Mongolia;
- Paris Agreement (INDCs), Mongolia;
- PAGE reports, policy briefs and SPP reports produced by the Government of Mongolia in collaboration with UN Environment and other PAGE partners;
- Handbook on Sustainable Public Procurement of Ukraine; and
- Publications by the European Commission including Buying Green and Green Public Procurement.

Sources of citations and data, figures, tables and photos used in this Guideline are duly acknowledged throughout these Guidelines.

CHAPTER I. LINKS BETWEEN SUSTAINABLE DEVELOPMENT AND SUSTAINABLE PUBLIC PROCUREMENT

1.1 International context

1.1.1 Agenda for Sustainable Development 2030

At the UN Summit, held on 25-27 September 2015, the member states of the United Nations adopted the 2030 Agenda for Sustainable Development with a set of Sustainable Development Goals (SDGs) that includes 17 SDGs and 169 targets[1]. The Agenda is a commitment to eradicate poverty and achieve sustainable development by 2030 world-wide, ensuring that no one is left behind. Among the 17 goals of the SDGs, SDG 7: "Ensure access to affordable, reliable, sustainable and modern energy for all" and SDG 12: "Ensure sustainable production and consumption patterns" are the most relevant to SPP practices, as explained below.

SDG 7: "Ensure access to affordable, reliable, sustainable and modern energy for all"
Energy use contributes significantly to climate change, accounting for 60 percent of total global greenhouse gas emissions, hence reducing the carbon intensity of energy is critical to achieving long-term climate goals. At the global level, the energy system is undergoing a broad reorientation and shift in spending toward low-carbon, clean energy, often as a result of government policies[2]. In developing countries, green policies can drive investment in renewable energy technologies (wind, solar, hydro) and public procurement of energy efficient products and services, which together can assist in the achievement of national energy security and environmental/climate goals..

SDG 12: "Ensure sustainable production and consumption patterns"
Sustainable consumption and production (SCP) is about promoting resources and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all. Implementation of SCP helps to achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty[3]. Ensuring SCP requires a systemic approach and cooperation among actors operating in the supply chain and involves engaging consumers through awareness-raising and education on sustainable consumption and lifestyles, providing consumers with adequate information through standards and labels and

[1] http://www.un.org/sustainabledevelopment/sustainable-development-goals/
[2] OECD\International Energy Agency, World Energy Investment 2016
[3] http://www.un.org/sustainabledevelopment/

engaging in sustainable public procurement. SPP is recognized as a means for achieving this goal, in Target 12.7: “Promote public procurement practices that are sustainable, in accordance with national policies and priorities.”

Government-led sustainable procurement initiatives can transform environmental objectives into economic opportunities. By providing a demand for sustainable products and services, national industries are incentivized to shift to sustainable production practices. By introducing sustainable public procurement countries are able to shift million dollars of fund in support of SMEs to boost green entrepreneurship and green jobs, produce goods and service with sustainability standards and eco labels, provide the government, among all other consumers with sustainable goods and service and motivate people to shift to green lifestyle.

1.1.2 The 10 Year Framework of Programmes on Sustainable Consumption and Production Patterns (10YFP)

The 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns (10YFP) was adopted at the United Nations Conference on Sustainable Development (Rio+20) in June 2012. The 10YFP is a global framework for action to enhance international cooperation and accelerate the shift towards sustainable consumption and production (SCP) patterns in both developed and developing countries[4]. The framework supports capacity building, and facilitates access to technical and financial assistance for developing countries for this shift. The 10YFP aims at developing, replicating and scaling up SCP and resource efficiency initiatives, at national and regional levels, decoupling environmental degradation and resource use from economic growth, and thus increasing the net contribution of economic activities to resource efficiency and productivity, poverty eradication, social development and environmental sustainability. The UN Environment serves as the Secretariat of the 10YFP.

The initial list of 10YFP initiatives adopted at Rio+20 includes consumer information; sustainable lifestyles and education; sustainable public procurement; sustainable buildings and construction; and sustainable tourism, including ecotourism. At its second meeting in March 2014 the 10YFP Board approved a new programme area on Sustainable Food Systems. The SPP programme, led by UN Environment and co-led by KEITI (Korean Environmental Industry and Technology Institute) and ICLEI, was formally launched on 1st April 2014, in the margins of the 10th session of the Open Working Group (OWG) on Sustainable Development Goals (SDGs) in New York. This programme builds on the previous work of the Marrakech Process Task Force on SPP (2005-2011) and the Sustainable Public Procurement Initiative (SPPI) (2012-2013).

The SPP programme brings together representatives from governments, local authorities, the business sector and civil society. The objectives of the programme

[4] The 10 Year Framework of Programmes on Sustainable Consumption and Production Patterns (10YFP). Interim progress report prepared by the 10YFP Secretariat on behalf of the 10YFP Board for the High-Level Political Forum

are to: 1) build the case for SPP and its effectiveness as a tool to promote sustainable consumption and production, support greener economies and sustainable development; and 2) support the implementation of SPP on the ground through increased collaboration and better access to capacity building tools.

At the national level countries have integrated SCP objectives into national policies and approved SCP and SPP policies. In a case of Mongolia, the Government, represented by the Ministry of Environment, Ministry of Finance and the Ministry of Construction and Urban Development, is working in two thematic areas: green building and SPP under the Partnership for Action on Green Economy and with the technical and financial support from UN Environment.

1.2 National context

1.2.1 The history of sustainable development in Mongolia

The Global Sustainable Development programme, adopted in 1992 offered 17 social development goals, 13 environmental goals, 15 economic goals and 14 implementation goals. Mongolia's first Sustainable Development Agenda of 21st century was developed in the 1994 -1998 period. In May 1998 Mongolia's sustainable development policy and implementation plan MAP21 (Mongolian Action Program 2001) was adopted. This document was the key document in describing Mongolia's first environmentally friendly sustainable development policy[5]. However, at that time, Mongolia had a limited legal environment and financial resources and was challenged to implement the agenda due to differing policy priorities including balancing the macro economy and implementing IMF-led structural adjustment policies. In 1997 Mongolia became a member of the World Trade Organization, so the focus of government policy at that time shifted to further introduction of market principles, economic liberation, and stabilization of fiscal balances.

The Millennium Development Goals (MDGs) and the Millennium Declaration, which were ratified by United Nations General Assembly in 2000, had significant influence on the process of designing and implementing Mongolian long-term development policies. Mongolia published its first National Report of MDGs in 2004, ratified the MDGs in 2005 and started to actively formulate its own national long-term development vision linked to the MDGs.

The "Mongolia Comprehensive National Development Strategy" adopted by the State Great Khural in 2008 was a long-term national development policy document outlining main directions of development until 2021. Differing from the previous attempt of implementing the Sustainable Development Agenda, this document was

[5] PAGE/UNDP/ BEST NGO. 2016. Assessment of institutional mechanisms and governance structure for coordinating, monitoring and evaluating implementation of the Sustainable development vision of Mongolia and 2030 Agenda

a MDG-based Comprehensive National Development Strategy (CNDS). Between 2000 and 2014 Mongolia's economy grew rapidly and its GDP increased almost 12-fold. The average annual growth in GDP was 5.6% from 2000-2005, then it accelerated to 6.4% in the period of 2005-2012, and 12.2% in the 2010-2014 period. As a result, according to the World Bank, the nominal GDP per capita of Mongolia has grown from one of the lowest in the world in 2000 to 4,056 USD per capita in 2013. Mongolia made considerable efforts to implement the 9th MDG or the national goal of "Developing democratic governance" and has progressed in terms of better government transparency, civic involvement, and combatting corruption. Mongolia once ranked 120th from 174 countries in 2011, according to the Corruption Perception Index, to ranking 80th in 2014. Poverty levels went down from 36.3% in 1995 to 21.6% in 2014. Mongolia reached a relatively high Human Development Index rating of 0.727 in 2014, ranking 90th out of a 188 countries, which indicated that human development in Mongolia is relatively higher than other developing countries with similar levels of GDP per capita.

1.2.2. Sustainable Development Vision of Mongolia 2030

In February 2016, the State Great Khural of Mongolia adopted the Sustainable Development Vision of Mongolia-2030, which is based on the Global Sustainable Development Goals (SDGs) and closely linked to national circumstances, development priorities and challenges. The Sustainable Development Vision of Mongolia specifies that by 2030 Mongolia aspires to be amongst leading middle-income countries based on per capita income and will be a country with a multi-sector stable economy, and a society dominated by middle and upper-middle income classes, which would preserve ecological balance, and have stable and democratic governance. Mongolia would achieve the following through the implementation of the Sustainable Development Vision - 2030:

- Increase its GNI per capita to USD 17,500 and become an upper middle-income country based on its income per capita;
- Ensure average annual economic growth of not less than 6.6 percent through 2016-2030; and
- End poverty in all its forms.

The Vision outlines 44 objectives in 14 areas to achieve by 2030. Four strategic areas have been identified; sustainable economic development, sustainable social development, environmental sustainability and governance. Sustainable economic development focuses on agriculture, tourism, mining, industry, energy and infrastructure, a favorable business environment and macroeconomic stability. Sustainable social development focuses on ensuring social equality through inclusive growth; an effective, high quality and accessible health care system; and a knowledge-based society. Environmental sustainability focuses on integrated water resource management, coping with climate change, and protecting ecosystems. Under the strategic area Governance the following objectives have been determined:

- Establish and strengthen an accountable and proficient governance structure to formulate, implement, monitor and evaluate sectorial and local development policies, for giving shape to the Sustainable Development Vision;
- Improve the leadership of civil service organizations at all levels, and develop transparent and accountable governance at the national and local levels, based on public participation and public-private partnership;
- Judiciously enforce laws and procedures on ethics for politicians and civil servants, and eliminate all forms of corruption; and
- Actively participate in international cooperation, aimed at achieving the SDGs.

SDV does not have a statement in relation to public procurement, however both economic sustainable development and environmental sustainability encourage principles such as adopting environmentally friendly technologies, encouraging new products, ensuring production and services through innovation and encouraging production methods that are resource-efficient and minimize greenhouse emissions and pollution. Furthermore, environmental sustainability clearly indicates efficient and effective use of resources and sustainable production and consumption patterns.

Table 1. The SDV core indicators for measuring SDV implementation

#	Indicator	Measuring unit	Base level (2014)	Target level (2030)
1	Annual average economic growth	percent	7.8	6.6 (average in 2016-2030)
2	Gross national income per capita	USD	4,166	17,500
3	Human development index	rank	90	70
4	Life expectancy	years	69.57	78
5	Poverty rate	percent	21.6	0
6	Global competitiveness index	rank	104	70
7	Doing business index	rank	56	40
8	Environmental performance index	rank	111	90
9	Share of the population with social insurance coverage in the total economically active population	percent	84.4	99
10	Gini coefficient of inequality	score	36.5	30
11	Infant mortality ratio per 1,000 live births	ratio	15.1	8
12	Maternal mortality ratio per 100,000 live births	ratio	30.6	15
13	Number of students in a class at high school(national average)	number	27.3	20
14	Area of the land with disease free status for international trade certified by World Animal Health Organization	percent	0	60
15	Area of decertified land	percent	78.2	60
16	Area of specially protected land	percent	17.4	30
17	Number of foreign tourists travelling in	million	0.392	2.0

	Mongolia	person		
18	Share of the households using reliable electricity	percent	89	100
19	Share of the processing sector exports in total exports	percent	17	50
20	Share of main fuel products supplied from domestic production	Percent	0	100

Source: State Great Khural of Mongolia resolution. No 19, 2016. Mongolia Sustainable Development Vision 2030

1.2.3 The National Green Development Policy of Mongolia (NGDP)

In 2014, in response to the outcomes of the 2012 Rio+20 conference, Mongolia adopted the Green Development Policy (Resolution of the Parliament No. 43/2014). The NGDP defined the rationale, principles, strategic goals and targets (see Table 2 below) to be achieved in two steps 2020 and 2030 respectively. Furthermore, it identified 20 key indicators to measure progress on implementation of the NGDP. In 2016 the Government approved the Action Plan for Implementation of the Green Development Policy for the period 2016-2030 (2016 Governmental Resolution No. 35). The Action Plan specifies 255 activities to implement up to 2030.

Table 2. National Green Development (NGDP) Policy targets, 2020 and 2030

	Criteria\indicators	2020	2030
1.	Share of renewable energy in total installed capacity of energy production	20	30
2.	Share of reduction of building heat loss	20	40
3.	Waste recycling share	20	40
4.	Share of expenditure in green development in total GDP	2	3
5.	Share of expenditures for science and technology research in total GDP	2	3
6.	Share of green procurement in total government procurement	20	30
7.	Share of protected areas	25	30
8.	Increased investment in environmental protection and restoration	20	30
9.	Share of forest area in total territory	8.5	9
10.	Percentage of population with access to qualified drinking water	80	90
11.	Percentage of population with access to improved sanitation facilities	40	60
12.	Poverty level	24	15
13.	Percentage of green facilities in Ulaanbaatar city and other urban areas	15	30
14.	Share of agriculture and manufacturing in total GDP	28	30

Source: Green development policy of Mongolia, MET

The NGDP points to the introduction of "financing, tax, lending and other optimal incentives for supporting green economy and increase investments for promoting environmental protection, human development and clean technologies". The following measures have been identified to achieve these strategic objectives:

- Promote green investment equivalent to not less than 2 percent of GDP annually for green development, reduce per unit greenhouse gas emissions and increase green productivity and investment to ensure resource efficiency;

- Increase investments in public awareness campaigns of assessing benefits and supporting ecosystem services, including forest water containment, carbon absorption, floodplain water collection and treatment, and environmental protection and restoration;
- Create a green taxation system to decrease production and import of goods and services that are harmful to the environment;
- Reflect green development principles in international trade agreements and contracts and promote trading of low carbon and energy efficient technologies;
- Ensure that at least 20% of public procurement will be the procurement of environmentally sound, effective and resource efficient goods, works and services;
- Enhance social responsibility of legal entities and organizations by the creation of an environmentally sound and sustainable financing system for financial institutions; and
- Estimate the share of environmental contributions in socio-economic development by incorporating green development indicators in national accounting systems.

Furthermore, the Action Plan for the Implementation of the NGDP identifies the following sustainable public procurement related activities to implement by 2020 and 2030 respectively:

- Conduct policy research to introduce sustainable public procurement;
- Develop a legal environment that supports green investment through public procurement;
- Conduct research on green goods that are on the market;
- Create databases of such products and utilize the database in government investment and procurement decisions;
- Gradually transform public procurement to sustainable procurement;
- In accordance with the international green office approach, develop and implement requirements and regulations regarding green procurement of office equipment and materials; and
- Develop and implement legal procedures to procure green products available in the domestic market through public procurement.

1.2.4. Paris Agreement

In September 2016, Mongolia ratified its Intended Nationally Determined Contributions (INDCs) to the Paris Agreement on Climate Change. Mongolia's INDC has its conceptual roots in the Green Development Policy of Mongolia (2014) and its Action Plan (2016). Therefore, Mongolia's overall commitment is to reduce 14% of greenhouse gas emissions (GHG) by 2030 compared to Business-As-Usual (BAU). This target will be achieved through concrete measures outlined in the NGDP, including the strategic goal 3 towards "introducing financing, tax, lending and other optimal incentives for supporting green economy and increase investments for promoting environmental protection, human development and clean technologies". Policies and actions in priority

sectors including construction, agriculture and energy are also the basis for the achievement of INDCs in Mongolia.

In order to achieve INDCs by the year 2030, Mongolia estimates that it will require approximately USD 3.5 billion in investments in mitigation measures and USD 2.7 billion for adaptation. The Government of Mongolia has projected that more than 80% of the required financing needs will be mobilized from international sources, such as the Green Climate Fund, Multilateral Development Banks and the joint crediting mechanisms.

Mongolia has set clear policy directions and targets for green development that will guide policy and investment decisions for years to come. Going forward, the country needs to implement green fiscal reform including sustainable public procurement. Changes in Government procurement practices can be an important driver for sustainable production and consumption in the country. In support of the NGDP goal to ensure that by 2020 at least 20% of public procurement would be green, PAGE has supported the Ministry of Finance to incorporate sustainability principles into the national public procurement framework. Alongside a number of SPP related studies and proposed Amendments to the Law on Public Procurement, the SPP Action Plan for sustainable public procurement has been drafted for submission to the Government. The Action Plan calls for the strengthening of the legal framework, implementation of SPP practices, capacity building, communication and awareness-raising campaigns, and monitoring and evaluation of SPP implementation.

CHAPTER II. INTRODUCTION TO SUSTAINABLE PUBLIC PROCUREMENT

In most nations, government procurement represents 15-25% of national GDP, thus, making it a major consumer of goods and services. In the European Union, government expenditure accounts around 16% of EU GDP, corresponding to roughly EUR 1,8 trillion annually; in the Netherlands and the Czech Republic – ~26% of the country GDP and in the USA – 19–20% of GDP (Yuliya Nikitchenko et all, Kiev, 2016). In the case of Mongolia, in 2014 Government spending represented 32% of GDP, and public procurement of products and services accounted for about 12% of GDP.

Given that national governments are generally the largest single consumers in their respective countries, the kinds of goods, services and works they purchase have considerable influence in shaping their social, economic and environmental landscape. This is particularly the case for sectors or products categories where government accounts for the largest market share, such as water, energy, transport, health, education, etc. Governments can also use their economic weight to stimulate environmentally conscious markets. Suppliers can be incentivized to not only produce more ecological products, but also to adjust their production processes and supply chains to minimize their impact on the environment. Additionally, government spending can encourage and drive green product

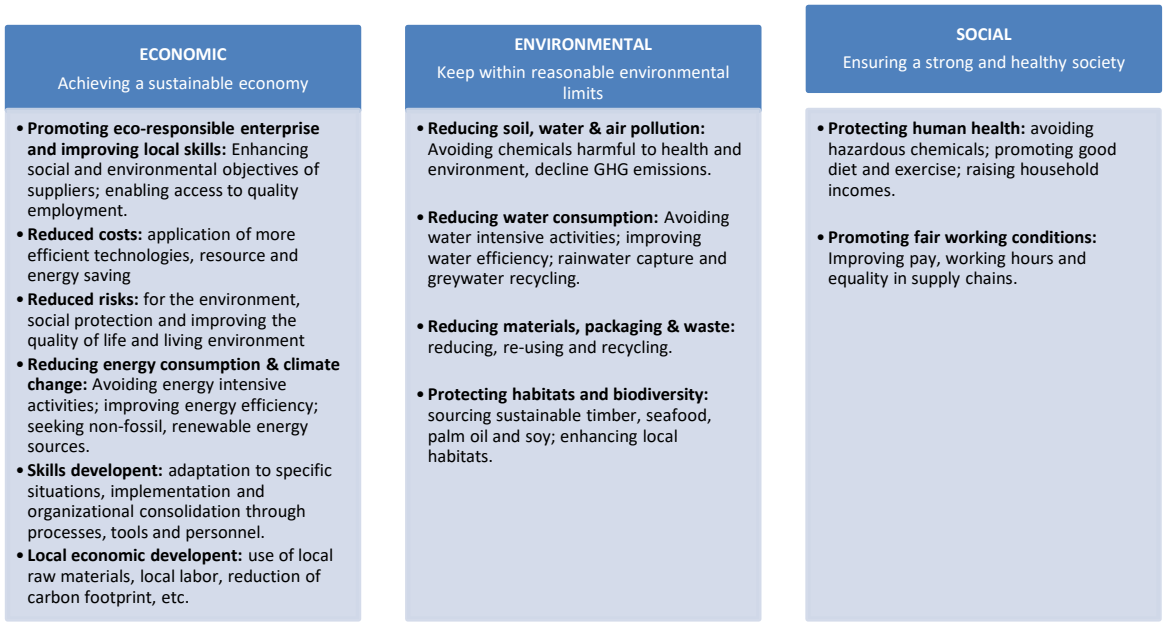
innovation. In Mongolia, public procurement is a strategic policy tool of untapped potential.

2.1 Objectives

Public procurement can be applied as a policy instrument to achieve a diverse range of strategic objectives, such as energy conservation, job creation, etc. These goals are often described as "secondary" or "horizontal" in order to distinguish them from the "primary" or "vertical" objectives of public procurement, which are generally recognized as value for money, transparency, efficiency and integrity." The effectiveness of using public procurement to advance strategic goals however depends to a large extent on the soundness of the public procurement framework itself and its principals and practices, as well as whether or not these objectives are aligned to existing national, regional and international policies. For example, government purchasing can support the implementation of national energy policies that aim to deliver on international targets such as the reduction of greenhouse gas emissions.

There are different ways of defining secondary objectives. Existing literature has identified three principal goals that can be advanced through public procurement -- social, economic, and environmental.

Figure 1 Main Objectives of the Sustainable Public Procurement



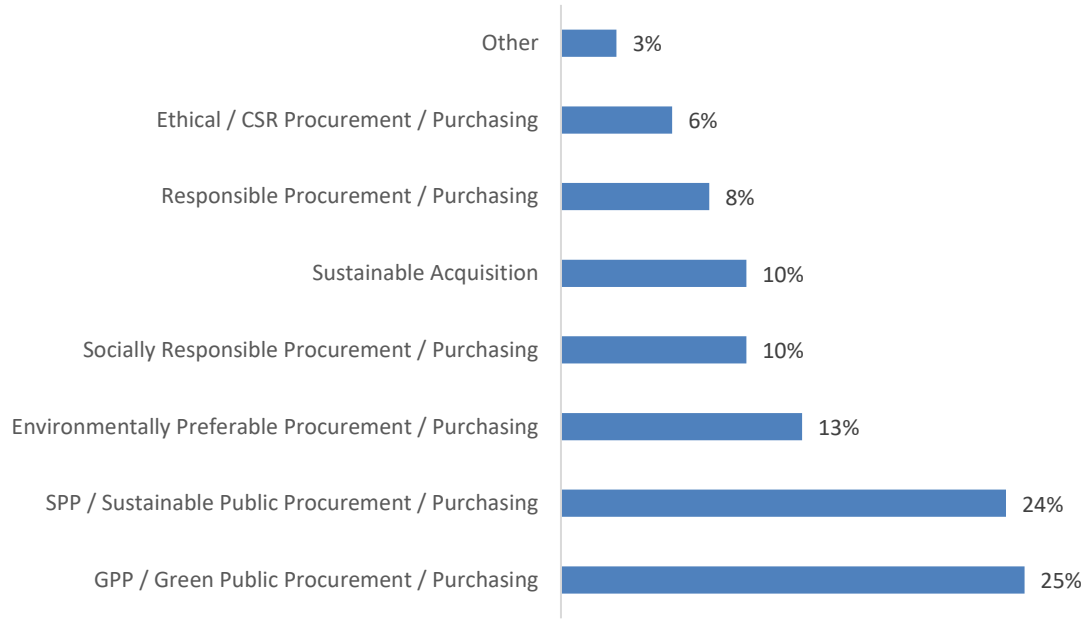
While most often governments seek to achieve objectives in all three areas (social, economic and environmental), others focus on one or two goals. According to the UN Environment Global Review of SPP (2017), 74% of the countries deal with

environmental and socioeconomic factors together, while the remaining 26% consider environmental factors only.[6]

2.2 Definitions

Given the broad range of objectives (economic, social and environmental) that can be achieved through the application of public procurement as a strategic policy or development tool, an equally wide range of terms have evolved over the years to describe public procurement in this capacity. A recently published study (2013) by the United Nations Environment Program (UNEP) surveyed over 200 governments and organizations to determine the most commonly used terms for public procurement as a policy tool. By far the two most frequently cited terms were Sustainable Public Procurement (SPP) (or just "sustainable procurement") and Green Public Procurement (GPP) (or "green procurement"), although Environmentally Preferable Procurement (EEP) is widely used in the United States.

Figure 2. Most commonly used terms



Source: UN Environment (2013) Sustainable Public Procurement: A Global Review. Final Report.

While countless definitions of SPP have emerged over the years, however perhaps the most globally recognized one was developed by the UK Sustainable Procurement Task Force in 2006, defining SPP as a process "whereby

[6] UNEP (2017). Global review of sustainable public procurement.

organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment." This definition has been adopted by the Marrakech Task Force on Sustainable Public Procurement. In essence the key distinction between public procurement in the traditional sense and SPP, is that the former solely looks at value for money at the point of purchase, while SPP goes a step further and considers the social, environmental and economic dimensions of the purchase over the entire lifecycle of the product or service

Another commonly used term is Green Public Procurement (GPP). In the European Union, GPP is defined as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured (EU, 2012).

The main difference between SPP and GPP is that while SPP embraces the social, economic and environmental dimensions of sustainable development, GPP specifically addresses environmental considerations.

The NGDP of Mongolia defines Green Procurement as the "procurement of goods, works and services that are directed to ensuring efficient use of energy and natural resources, sustainability of ecosystem services, climate change adaptation and creation of green environment" (MET, 2014). Hence, Mongolia's definition of green public procurement does not specify social and economic aspects of public procurement, but extensively refers to environmental factors.

2.3 Principles

UN Environment has recently developed the following six principles of SPP[7]:

Principle 1: SPP is good public procurement. Public procurement is good if it is transparent, fair, non-discriminatory, competitive, accountable, efficient use of public funds, and verifiable – whilst integrating the three dimensions of sustainable development: social, environmental, and economic.

Principle 2: SPP implementation needs leadership. At senior management level it is necessary to have strong and influential leaders to promote SPP, allocate resources and share best practices.

Principle 3: SPP contributes to broad policy goals. SPP ensures strategic spending to attain government and organizational goals. SPP can also drive markets for sustainable innovative solutions and create green and decent jobs.

[7] UN Environment. 10YFP. 2015. Sustainable Public Procurement Principles. http://www.scpclearinghouse.org/sites/default/files/10yfp-spp-principles.pdf

NGDP's strategic goals such as resource efficiency and sustainable consumption and production could be achieved through SPP policy and action plan while contributing to social inclusion and green jobs.

Principle 4: Engagement of all stakeholders. SPP requires support from all parts of society: policy-makers, politicians, customers, manufacturers, suppliers, contractors, procurers and civil society organizations.

Principle 5: SPP implementation is based on sound organizational management principles. SPP is based on a risk-based approach, continually reassessing and targeting areas of highest impact or priority. Immediate success can be demonstrated through a "quick wins" approach.

Principle 6: SPP monitors its outcomes and results. Using monitoring and evaluation systems to measure outcomes is essential for tracking progress as well as identifying areas for improvement. Outcomes can include environmental performance such as reduced emissions, reduced material use and reduced waste generation; economic outcomes such as cost savings (including non-tangible benefits and costs), job creation, wealth creation, and transfer of skills/technology; and social outcomes such as minority empowerment, poverty reduction, and good governance.

2.4 Benefits

The application of SPP can bring about numerous benefits to society and the economy, while minimizing damage to the environment. These benefits are often mutually reinforcing, and can also create a multiplier effect in the economy (see Table 3 below).

Table 3 Benefits and Advantages of the Sustainable Public Procurement

Potential benefits of Sustainable Public Procurement	
Potential environmental benefits	
Contributing to meeting environmental challenges	Response to climate change, soil degradation, biodiversity loss, access to fresh water which includes reducing use, reusing, and recycling and ultimately reducing the amount of waste going to landfill
Contributing to achieving binding targets	Reduction of greenhouse gas emissions, energy efficiency, national environmental objectives
Local environment	Providing non-toxic cleaning products, creating healthier conditions for school children or using low-emission buses which improve local air quality
Potential social benefits	
Improved compliance with social and labor law	Compliance with provisions of the basic ILO Conventions which ban forced labor and child labor, establish the right to freedom of association and collective bargaining, and non-discrimination in terms of employment and occupation
Improved living conditions	Promotion of voluntary social standards such as Fair Trade which help reduce poverty
Improved social justice	Integration of people with disabilities or improved gender and ethnic equity
Potential economic benefits	
Financial savings	Reduced total cost for purchase, use, maintenance and disposal by using WLC Recognize upfront costs for sustainable products can be lower due to sustainable production processes Cost for societies caused by pollution, global warming, etc. can be reduced
Driving markets to more innovative solutions	Drive markets to shift more rapidly to cleaner technologies resulting in the generation of income, improved competitiveness of suppliers, and ultimately lower cost due to economies of scale Expand markets that support achievement of social objectives and serve as a model by offering standards and information
Increased access to markets	Promotion of small and medium-sized companies and supplier diversity
Indirect benefits	
Raising consumer awareness	Raise consumer awareness about the environment and social implications of procurement Promote sustainable consumption and production patterns
Demonstrating responsible governance	Respond to the growing public demand for governments to be environmentally and socially accountable in their actions, mitigate risks, and promote behavioral change
Improving public image and legitimacy	Combine sustainable growth with reduced environmental impact and improved living conditions The public sector responds to its moral and political responsibilities

Environmental benefits[8]*:* Environmentally preferable goods and services are defined as those that have lower impacts on the environment over the life cycle of the good or service, when compared with competing goods or services serving the

[8] Adapted from British Standard BS 8903:2010

same purpose. Key environmental issues which might be considered over the life cycle of the goods/service include:

- energy use, and type of energy utilised;
- water use and water quality impacts;
- resource use, including the use of non-renewable resources;
- volume and type of waste;
- end-of-life options, e.g. recyclability, resource recovery;
- impact on natural habitat;
- level of toxic and hazardous substances/waste; and
- Noise, pollutants and emissions.

Desirable outcomes/benefits (examples only) could be as below:

- Improved air quality by reducing or eliminating emissions to air (e.g. greenhouse gases, such as carbon dioxide, and other pollutants);
- Reduced use of water (e.g. water saving or efficiency);
- Improved water quality by reducing or eliminating releases to water (e.g. chemical pollution of water courses);
- Improved soil quality by reducing or eliminating releases to land (e.g. chemical fertilisers);
- Reduced demand on raw materials and natural resources (e.g. sustainable forestry, biodiversity);
- Reduced use of energy (e.g. energy efficiency, use of renewable energy);
- Reduced energy emitted (e.g. heat, radiation, vibration, noise); and
- Reduced waste and by-products (e.g. recycling and waste prevention).

Where it is not possible to calculate dollar benefits associated with environmental impacts, they can be described in other quantitative terms, for example:

- energy use (Kwh);
- usage (mega litres);
- resource use (kg per product);
- waste production (kg per product, or percent of product);
- packaging type and quantity (kg per product); and
- Wastewater parameters (BOD, TSS, P, flow).

Social benefits: Social impacts that can be taken into consideration across sustainable procurement activities include:

- Support suppliers to government who are socially responsible and adopt ethical practices;
- Consider human health impacts;
- Support the use of local and emerging small businesses;
- Support socially inclusive practices, such as employment and training focused on disadvantaged groups;
- Assess the impact of occupational health and safety concerns (both here and abroad);
- Ensure compliance with relevant regulatory requirements.

Economic benefits[9]*:* Economic impacts of sustainable procurement can be as follows:

- Procure goods and services that are more efficient to operate and thereby reduce operating costs (including energy, water and time);
- Re-examine requirements, and where appropriate challenging demand at source, so as to avoid procurement in excess of needs;
- Reduce end of life disposal costs and impacts; and
- Drive supply chain efficiency and developing market competitiveness, innovation and capacity.

Some products that may appear more expensive in terms of up-front acquisition cost may in fact provide greater economic benefit over the whole life of the product. Desirable outcomes/benefits:

- reduced whole-of-life costs to achieve value for money, including cost savings;
- supply chain efficiency;
- job creation (e.g. green technologies, use of local suppliers, creating markets for recycled
- products, back to work schemes);
- supporting small and medium enterprises;
- reducing entry barriers (e.g. facilitating open competition);
- ensure that suppliers' agreements are at fair and viable margins; and
- ensure that business continuity (e.g. supply chain resilience).

Political benefits: Finally, sustainable procurement offers governments an opportunity to "lead by example," which not only can improve a government's image through its demonstration of responsible governance but can also have important social consequences, such as raising consumer awareness and demand for sustainable products. In addition, the potential savings generated from purchasing sustainable or green or products or services can be applied elsewhere.

2.5 SPP objectives in Mongolia

In a case of Mongolia, SPP has been highlighted in the NGDP as an economic instrument to achieve green development along with other instruments such as tax and incentives. Currently, the Government of Mongolia is discussing whether it should consider all three dimensions of sustainable development in public procurement- environmental as well as social and economic factors.

The strategic goal of NGDP 1 resource efficient, low emission and waste production can be sustained through public procurement while bringing positive

[9] *Adapted from British Standard BS 8903:2010*

impacts towards implementation of the NGDP 2 on ecosystem balance, biodiversity conservation and climate change adaptation.

NGDP strategic goal on social inclusiveness and decent and green jobs can also gain benefits from SPP implementation. By taking into account environmental and social considerations in the public procurement the government will be able to motivate national companies to enhance their environmental and socially responsible management. For example, if the Standard bidding document and technical specifications have selection/exclusion criteria that require compliance with the Mongolian employment and social law national companies will set in place appropriate employer-employee labour relations, have official employment contracts, comply better with taxation rules and pay employees' social and health insurance. They will also care about employees' benefits and development and contribution to local community development.

Over one third of Mongolian population is under 35 years old, however unemployment among the 15-34 age group is 10.8 and among the age 20-24 age group is 17.0 (UNDP, 2016). According to the Green jobs study (NSO, 2016) the quality of jobs is not so good and many of the people in agricultural sector do not have social and health insurance. Furthermore, Mongolia has over 100,000 people with disabilities. This situation gives a signal to the Government on necessity to seek for an appropriate and realistic tool for social policy. Hence, through public procurement the Government of Mongolia can improve the social inclusion policy implementation and promote youth employment, employment for persons with disabilities and gender balance.

After two more decades of development based on natural resource use, in particular mining and agricultural economies, Mongolia has understood that its environmental situation is at critical stage and become aware of environmental costs of such unplanned development. The country's largest city-capital Ulaanbaatar is suffering from air pollution due to coal burning and coal-based heating system. Soil erosion, overgrazing of pastures, desertification and deforestation have become a real problems causing negative impacts in country's economic growth. Due to this situation the transition to a green economy has become a must for the country. The Government sees in the sustainable public procurement an opportunity to further "green" the state budget and investment policies and implement green fiscal reform. Complimentary to sustainable financing initiatives by commercial banks of Mongolia the public procurement can thus drive the country's shift to greening the industry and business.

CHAPTER III. MONGOLIA'S PATHWAY TOWARDS SUSTAINABLE PUBLIC PROCUREMENT

3.1. Mongolian public procurement system

3.1.1. Current Legal and institutional framework

Legal framework. The first Public Procurement Law of Mongolia (PPLM) was adopted in 2001, which significantly centralized procurement and tightened fiduciary controls (PAGE/UN Environment/MOF, 2015). However, the centralization of procurement increased procurement lead-times causing delays in procurement. This resulted in a revised procurement law in 2007, which gave line ministries much greater authority in procurement and made the Ministry of Finance a key regulatory body. The renewed Public Procurement Law of Mongolia (PPLM) was approved by the Parliament of Mongolia in 2005[10] and went into force in 2006. Since that time the PPLM was amended 21 times.

The purpose of the Public Procurement Law of Mongolia is to govern matters of planning, organizing, overseeing, and settling disputes pertaining to public procurement of goods, works, and services financed by state and local funds and of holding responsible the violators of the law. The PPLM does not regulate the following:

- procurement of special purpose equipment and facilities, works, services;
- weapons in connection with national security and state secrets;
- procurement of works and services related to maintenance of national roads, executed by the state owned legal entities; and
- procurement of goods, works and services related to activities of the Development Bank of Mongolia

By the PPLM, the following principles have to be pursued in public procurement:

- Transparency;
- Equal opportunity to compete;
- Economy;
- Efficiency; and
- Responsibility.

According to the Law, the following procurement procedures are applied:

- Open procurement procedure;
- Exceptional procurement procedure;
    - limited tendering
    - comparison
    - direct contracting
- Selection of a contractor of consulting services;
- Procurement procedure based on community participation.

Each of these general procedures is described in detail in the Table 4.

[10] State Great Khural of Mongolia (2015) Public Procurement Law of Mongolia.

Table 4. Tender selection methods

#	Procedure	Usage conditions	Submission timeframe	Standard bidding documents
1	Open bidding	It is the default method used for all public procurements for goods and works.	30 days or more from the day of initial announcement of the tender	Standard bidding documents for goods and works which is approved by the Minister of Finance in 2012.
2	Limited bidding	• When the number of bodies capable of executing complicated goods, works or services requiring high qualification, expertise, equipment, and technology is limited. • Tendering prices of all responsive tenders exceeded the procuring entity's cost estimate by more than 5%.	15 days or more from the day of initial announcement of the tender	Standard bidding documents for goods and works which is approved by the Minister of Finance in 2012.
3	Comparison	Where the cost estimate of the goods, works or services does not exceed the threshold values of 50 mil. MNT, 80 mil. MNT and 50 mil. MNT respectively.	no less than 5 working days from the day the invitation was delivered	Standard bidding documents of request for quotation
4	Direct contracting	▪ Single source (to protect copyright); ▪ When it results unsuccessful tendering after the procuring entity had conducted open bidding 2 times; ▪ given additional supplies do not exceed 20% of the value of the initial contract, and there is a need of replacing, repairing and making additional supplies of some parts of the goods and equipment provided under the initial agreement; ▪ when the cost of additional works does not exceed the least of 15% of the lowest value of the initial contract or comparison threshold price specified in 8.1.1 of the law, it was considered that repeating the competitive tendering would not result in better proposals for repeating the additional and/or similar works for the works procured through the tendering; ▪ some special medicines, medical equipment relating to the ensuring public health security; ▪ as a result of unforeseeable and force major circumstances;	-	Procuring entity uses GCC and SCC for signing the contract.

		(it is determined by the Civil Code)		
5	Consulting service	An individual and/or legal entity may provide consulting services. After preparing the TOR and making cost estimations, the procuring entity posts an invitation to submit proposals to be listed as potential consultants through daily and other mass media and then draws up a shortlist from the general list consisting of three or more consultants that satisfy the requirements The consultant prepares technical and financial proposals separately. The procuring entity negotiates with the consultant who scores the highest.	more than 30 days for a legal entity and more than 7 days for an individual	Standard bidding documents for consultancy services which is approved by the Minister of Finance in 2012.
6	Procurement procedure based on community participation	Within a local budget framework, procurement of goods, works and services with value of up to 20 million tugrik shall be undertaken with community participation. It means that a group of individuals can participate in tendering.	no less than 5 working days from the day the invitation was delivered	Standard bidding documents for procurement procedure based on community participation which is approved by the Minister of Finance in 2012.

State Great Khural of Mongolia, (2015) Public Procurement Law of Mongolia, Article 7. Assessed: www.legalinfo.mn

The above mentioned procedures allow transparency, equal opportunity, fairness and economic efficiency (lowest price offer), however price on its own, without considering other costs and if no sustainability criteria have been included elsewhere (selection, obligatory specifications, contract performance clauses), does not allow us to achieve a sustainable purchase or contract (UN Environment, Module 7). It does not allow the most efficient purchase from the point of view of resource use.

Table 5. Traditional whilst sustainable approach to public procurement

Public procurement-traditional approach	**Public procurement-sustainable approach**
Basic selection criteria	
Price • Technically compliant lowest price or • The best technical/financial scored bid-most economically advantageous offer	Price • Life cycle costing
Quality	Quality
Other qualification criteria	Protection of environment
	Social criteria including human health and occupational health and safety
	Other qualification criteria

Results and effectiveness	
Meet the needs in goods, work or service	Meet the needs in goods, work or service
	Efficiency in the use of economic resources
	Protection and restoration of environment
	Meet human health safety /occupational health and safety
	Stimulation for sustainable production and consumption
	Green innovation and technology development
	Greening national economy

Source: Yuliya Nikitchenko, Svetlana Berzina, Gala Buzan "Handbook on Sustainable Public Procurement: Integration of Sustainability Into Public Procurement Procedure". Kiev, 2016

For example, at the preliminary screening stage, the Evaluation Committee checks formal documents such as proof of a legal entity and financial statements including taxation (to see whether a legal entity has any tax related debt) to ensure eligibility. In some cases the Committee requires a special license. The technical specifications do not cover environmental and health related criteria or such criteria cannot play a role for selection of a "best tender" since the key criterion is price.

If SPP is implemented, social and environmental considerations can be embedded into evaluation criteria. It will allow procuring entities to include life cycle cost considerations aligned with sustainable benefits alongside with ensuring a value for money, transparency, equal treatment and non-discrimination. Additionally, the selection/exclusion criteria could be further expanded for better legal compliance-compliance with taxation, employment and social welfare regulations.

Institutional framework. The public procurement system of Mongolia is semi-decentralized. Most high value procurements are conducted by the Government Agency for Policy Coordination on State Property (formerly the Government Procurement Agency), line ministries and other public institutions (PAGE/UN Environment, 2015). The following are the key stakeholders or procuring entities who participate in the procurement system:

- Ministry of Finance (overseeing and policy making body);
- Procuring entities (Government agency for policy coordination on state property (GAPCSP), ministries, state and local) ;
- Bidders /suppliers, private sectors;
- National audit office (a role of supervision of contracts); and
- Public (citizens, CSOs for monitoring).

Procuring entities are the key stakeholders of implementation of PPLM and other relevant legislative procedures and actions. By the Law, they have right to[11]:

- set up an Evaluation Committee to oversee the respective compliance of the evaluation committee's operations and evaluation reports, take measures to remove violations and issue a decision to authorize a contract;
- plan and organize the procurement of goods, works or services within the estimated budget, initiate the procurement when funds for goods, works, and services are allocated;
- review the performance of contractual obligations; and
- immediately initiate the procurement of goods, services or works with specific characteristics and executed in particular seasons such as construction, road, and engineering network following the state budget approval of a given year and require establishment of an information board in a visible public area for the duration of works and service guarantee period, that contains information on contractor's brief introduction; contact details; contract amount; finance schedule; work starting and finishing date; and routine map for road and engineering pipelines.

The government agencies responsible for procurement of goods, works and services with state budget resources include:

- Secretariats of the President and the Parliament of Mongolia, Secretariat of Government, National Security Council, state central administrative bodies and the bodies accountable to the Parliament; Constitution Court; Supreme Court, Office of the Prosecutor-General, General Council of Courts, agencies and organizations under Prime Minister and Cabinet GAPCSP, ministries and agencies.
- Governor's Offices of Aimag, Capital city, Soum and district for procurement of overall goods and services for their own needs that exceed the threshold amount of 20 million MNT and works that exceed the threshold amount of 50 million MNT;

The bodies responsible for procurement of goods, works and services with local budget resources include:

- Governor's offices of Aimag, Capital city, Soum and District for procurements of goods and services that cost up to 20 million MNT and works that cost up to 50 million MNT.

The Procurement Policy Division under the Legal Department at Ministry of Finance is responsible for establishing procurement policy, standard documents, manuals, and guidelines, overseeing and assessing the procuring entity's compliance with relevant procurement procedures, providing professional and practical advice to the procuring entity on procurement matters, drafting and adopting policies and procedures, guidelines, instructions, manuals and standard

[11] PAGE/UN Environment, Ministry of Finance, 2015. Review of the public procurement legal framework of Mongolia

documents pertaining to procurement and reporting annually to the Cabinet on implementation of procurement legislations.

The Government Agency for Policy Coordination on State Property (GAPCSP) is responsible for the procurement of high profile goods, works and services to be financed from the state government budget (such as building interstate roads or factories), as well as for establishing framework agreements for commonly used items (such as office supplies) that will then be purchased by line ministries. The responsibilities of GAPCSP include:

- Provide units of procurement process with professional and methodological support and oversee its activities;
- Organize activities that ensure favorable working conditions and social security of its staff;
- Summarize the results of implementation of laws and legislation on procurement activities, and submit proposals to MOF;
- Manage a website for posting procurement related information, news, tender announcements and selection results; define and refine methods for post-tender invitations and other related information on the website;
- Provide customers and bidders with procurement-related technical advice and organize related training;
- Implement activities directed to strengthening the capacity of the professional organization in charge of the procurement process and improving the organization's software and hardware following a general policy and plan; and
- Facilitate activities related with establishment and implementation of a general contract concluded between the Procuring entity and one or more suppliers, service providers or contractors on provision of regular use goods, works and services based on agreed price and other terms and conditions for the duration of up to 3 years;

3.2 Mongolia's pathway towards sustainable public procurement

3.2.1 Legal and policy preconditions for the implementation of SPP

With the approval of SDV and NGDP Mongolia created a solid foundation for SPP implementation. Based on these long-term national policies, sectoral policies have been drafted. Also, at the sub-national level aimags are developing SDG-based aimag medium term development visions.

According to the Legal Review of public procurement (PAGE, 2015) Mongolia has ratified most of the international core conventions such as UN Framework Convention on Climate Change, Kyoto protocol to the UN framework convention on climate change, and Charter of International Labor organization on environmental, labor and social justice. International Law became a part of the Mongolian legal system with the ratification of the Constitution in 1992. The clauses 10.2 and 10.3 of the Constitution state that international treaties to which Mongolia is a party shall become effective as domestic legislation, although

Mongolia shall not abide by international treaties, which are not compatible with its Constitution. It means that these conventions have a beneficial effect on domestic legislation and general guidelines.

In 2015 Parliament approved the Law on Supporting Production in an effort to support export-oriented domestic production of goods that are competitive, add value and are environmentally friendly (PAGE 2015). Under the Law, the Government will support production in the following manner: (a) subsidize the difference between commercial interest rates on loans for technological updates and capital investment to producers that export more than 30 per cent of their output; (b) provide one-time payments equal to 75 per cent of the research and development costs incurred by producers of exports that created or brought to Mongolia highly efficient or cutting edge technology; and (c) support export-oriented production by various export financing arrangements.

In relation to the approval of this Law on Supporting Production, the PPLM was amended to include a provision on domestic preferences stating that "The procuring entity may grant **a** margin of preference to the following bodies in evaluating bidding proposals" (PPLM, Article 10[1]). The key amendments are as follows:

- bidder tendering to supply goods of Mongolian origin;
- The following bodies tendering to execute at least 50% of works independently:
    - a citizen or legal entity of Mongolia;
    - a foreign investment legal entity registered in Mongolia at least 50% of whose equity is owned by a Mongolian citizen and/or legal entity;
    - an entity that makes the largest use of locally produced goods, materials and services;
    - an entity with no less than 90 percent of the workforce of Mongolian citizens;
- domestic entity that produces innovative products; and
- more than 50 percent of the workforce of a legal entity consists of disabled persons and more the 25 employee of a legal entity.

The margin of preference is 10 percent for goods of Mongolian origin and 7.5 percent for works executed by domestic bidders.

3.2.2 Amendments for SPP implementation

One of key success factors for the implementation of SPP are "Amendments to the Law of Public Procurement". Amending the Law of Mongolia on Public Procurement (PPLM) will enable enforcement and implementation of SPP by procuring entities. The key changes are amendments to the relevant clauses of the law including adding the term of green public procurement, granting a margin of preference to tenderers based on resource efficiency (efficient use of energy and natural resources) with no adverse impact on environment and human health, and with low emission and low-waste, and granting power to the state central

administrative body for budgetary matters to identify needs and procure goods, works and services that ensure sustainability (resource efficiency, efficient use of energy and natural resources, with no adverse impact on environment and human health, and with low-emissions and low-waste), and developing bidding documents and technical specifications by inclusion of sustainability criteria.

Due to the recent Government resignation in September 2017, the submission of the Law to the Parliament has been delayed. The change has also affected the approval of the Action Plan for implementation of SPP in Mongolia. It is expected that the Law will be discussed at the spring 2018 session of Parliament. The key amendments will be inclusion of definition of green procurement, green criteria in technical specifications, margin of preference to bidders (20 percent) and approach to planning and monitoring of public procurement.

Following the Law, amendments to several procedures and documents will be renewed:

- Standard bidding documents. Technical specifications will be developed integrating social, economic and environmental sustainability criteria;
- The Procedure for Common Contract will be updated to reflect social, economic and environmental sustainability criteria that will apply to goods to be purchased through Common contract procedure by all procuring entities;
- Amendments will be made to the Procedure for Planning and Reporting on Procurement by all budgetary organisations; and
- A Methodology of Margin of Preference and Tender Evaluation Guidelines will be updated.

Recently, the Ministry of Environment and Tourism has approved a procedure for awarding eco labels and green certificates. This measure will enable a shift to sustainable production and consumption, further promoting environmentally friendly technology introduction and ensure availability of green products and services in the market.

MOF has approved the procedure and guidelines on common contract for goods to be procured and is planning to apply sustainability criteria. This will enable the procurement of certain goods, including printing and copy paper and office equipment from eligible suppliers that meet legal compliance criteria as well as environmental sustainability criteria.

3.2.3 National Action Plan

The National Action Plan for implementation of SPP covers five areas including legal framework, SPP implementation, capacity building, communication and monitoring and evaluation. It aims to establish an institutional structure and identify key stakeholders associated with the implementation of the SPP Action Plan and define their roles and responsibilities; implement SPP to achieve NGDP target of

"share of green public procurement will be at least 20% of the total public procurement by 2020"; build capacities for SPP implementation; raise awareness; and ensure proper monitoring and evaluation.

This National Action Plan is based on a desk study and a review of outcomes of the Status Assessment Report, Market Readiness report, GPP prioritization report, Legal Review Report as well as feedback from a technical consultative meeting organized on 18th of September of 2017.

3.2.4 PAGE Support for Sustainable Public Procurement

The UN Partnership for Action on Green Economy (PAGE) has supported Mongolia in advancing its national green development agenda with evidence-based policy appraisal using system dynamics modelling, analysis of different options for implementation of the NGDP, and support for policy development and reform in specific sectors and thematic areas, such as green construction, sustainable public procurement, green economy learning, sustainable finance, waste management and trade.

Under PAGE, the Mongolian Government has worked with a number of Government agencies towards the following outcomes:

- Outcome 1–Mongolia has reinforced and integrated inclusive green economy goals and targets into SDG-aligned national economic and development planning through multi-stakeholder collaboration,
- Outcome 2 – Mongolia has implemented evidence-based sectoral and thematic reforms in line with national green economy priorities,
- Outcome 3 – Mongolia has strengthened individual, institutional and planning capacities for inclusive green economy action.

PAGE has supported the Ministry of Finance in incorporating sustainability principles into the national public procurement framework. The Ministry of Finance has followed UN Environment's SPP Approach. Accordingly, a status analysis of public procurement, prioritization of goods for sustainable procurement, and a market analysis were conducted and three products (A4 copy paper, printer ink cartridges and lightweight concrete blocks) were selected as priority products to be procured by using sustainability criteria. Chapter 5 provides further information on the priority products that were selected and the sustainability criteria that has been developed. Currently, sustainable public procurement guidelines and sample tendering materials for priority products are under development. PAGE has supported drafting the Amendment to the Law on Public Procurement. The expected Law will have a long-term impact on the sustainability of public procurement in Mongolia. In parallel, an Action Plan for sustainable public procurement will be submitted to Government.

The Government plans to develop sustainability criteria for more goods, work and services, develop tools to monitor SPP, train public procurers, raise suppliers' awareness and understanding of environmentally-friendly products and services,

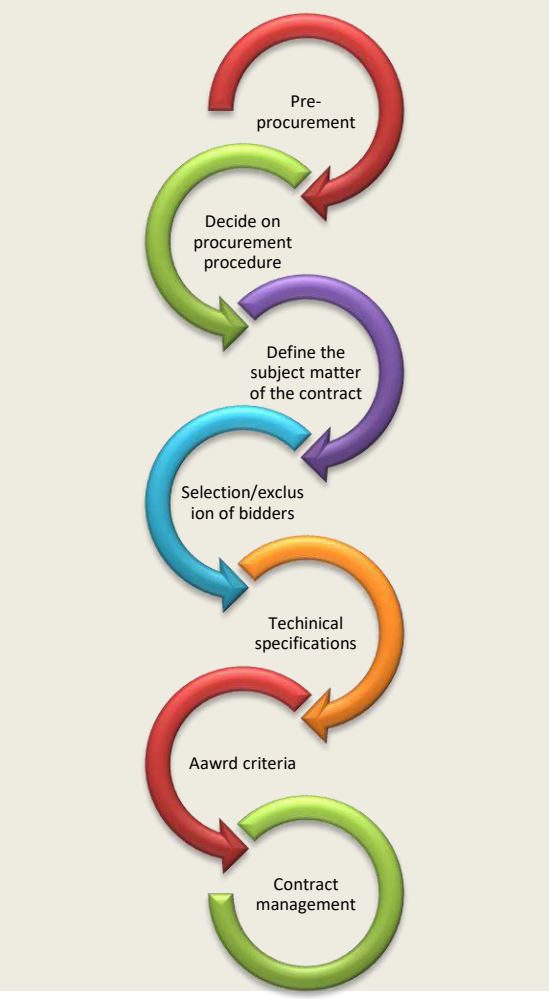
and enhance opportunities for national SMEs to participate in the public procurement marketplace.

CHAPTER IV. IMPLEMENTATION OF SUSTAINABLE PUBLIC PROCUREMENT THROUGHOUT THE PROCUREMENT PROCESS

4.1 Steps of public procurement and integrating sustainability and innovation

According to the ICLEI (2016) the procurement process can be divided into the following stages:

1. Pre-procurement;
2. Deciding on the procurement procedure;
3. Defining the subject of the contract;
4. Selection/exclusion of bidders;
5. Technical specifications;
6. Award criteria; and
7. Contract management



STEP 1. Pre-procurement: In the pre-procurement stage, a needs assessment, market analysis and market engagement are carried out.

Needs assessment questions

1. Do you really need to purchase some goods or can the needs be met in another way?
2. Can you reduce the quantity or scale of goods or service whilst achieving the same service delivery?
3. Can alternative goods or service be used to meet this need?
4. Can the goods or service be specified to have improved sustainability outcomes, including being able to serve a useful purpose after its initial use?
5. What information is available regarding sustainably-preferable outcomes including requirements? Where can more information be obtained about sustainable alternatives?

Source: Yuliya Nikitchenko, Svetlana Berzina, Gala Buzan "Handbook on Sustainable Public Procurement: Integration of Sustainability Into Public Procurement Procedure". Kiev, 2016

Accommodating kitchen needs in food procurement in Copenhagen, Denmark

To help meet its target of 90% organic food for public catering, Procura+ Participant Copenhagen defines its needs with suppliers throughout its contract process. This includes:

- Market dialogue prior to tenders-asking what the market can deliver and writing the tenders accordingly.
- Diversity and seasonality-using seasonal diversity as criteria in the tender and supplying an all-round for all year where it is necessary.
- Sensory evaluation-food quality is hard to specify so a sensory evaluation methodology has been developed and communicated to suppliers.

Source: ICLEI. (2013) Procure+ Manual. 3rd

Market analysis and engagement. The market analysis enables to identify potential bidders, build capacity in the market to meet the requirements and inform the design of the procurement and contract (ICLEI, 2013). Engaging the market can help plan and identify the procurement procedure, determine potential suppliers, build trust and confidence with suppliers, create market conditions and identify innovation and sustainability. In the stage of pre-procurement the following activities can be undertaken:

Actions
• Publish forward procur
• Attend trade shows
• Meet the buyer events
• Issue a request for info
• Call a "show&tell" to explain their proposed
• Meet with industry asso key suppliers individual
• Sound out the market
• Provide pre-tender brie are interested in contra

Source: ICLEI (2013) Procur

STEP 2. Determination of procurement procedure. In Mongolia, most commonly the competitive bidding procurement procedure is utilized. If the threshold for goods is above 50 mln. MNT the open bidding procedure applies. However, flexible procedures should be taken into account including joint procurement. One of the key considerations is to allow SMEs to participate in bidding. Measures such as minimizing the complexity of tender documentation, dividing contracts into smaller lots, limiting the number of lots which will be awarded to any one bidder, allowing longer period of time for the submission of expression of interest and tenders will expand opportunities for SMEs to participate in the bidding.

STEP 3. Defining the subject matter of the contract. The contract subject matter should clearly indicate that a sustainable product or service will be purchased. Provision of "sustainable catering service for schools," supply of "low emission vehicles," "construction of green school buildings," supply of "energy saving LEG lighting" and supply of "recycled printing and copy paper" are some examples of subject matter that directly implicate sustainability.

STEP 4. Selection/exclusion of bidders. In the case of Mongolia, the selection/exclusion criteria are included in the Standard Bidding Document. The Evaluation Committee, established by the procuring entity, has to prepare technical specifications, determine qualifications for bidders and draft special conditions of the contract.

Table 6. Actions Guide

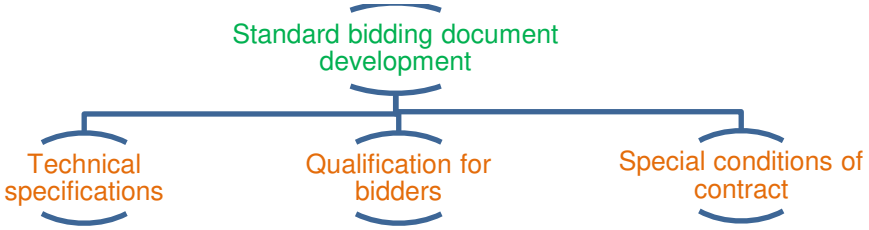
Customer	Supplier
1. Make a list of goods, services or works for procurement. 2. Demand analysis - clarify "needs" VS "wants". 3. Evaluate opportunities for reducing demand. Avoid or reduce consumption, by finding other alternatives. 4. Undertake a market research. 5. Dialogue with suppliers before and during the definition of criteria.	Actually, no actions. Tips for Suppliers: 1. Think about opportunity for development in terms of progressing sustainability and innovation. 2. Focus on driving sustainability objectives and influencing the market supply. 3. If possible consider improvements for the supply base.

Source: Yuliya Nikitchenko, Svetlana Berzina, Gala Buzan (2016). Handbook on Sustainable Public Procurement: Integration of Sustainability Into Public Procurement Procedure"

STEP 5. Technical specifications. In accordance with the PPLM, the procuring entity has to prepare technical specifications in line with the following requirements:

- It shall define goods, works or services not in terms of their design or descriptive characteristics but in terms of their purpose, application, use, quality, and technical merits;
- It shall define its terms subject to international standards accepted in Mongolia; if such standards do not exist, subject to national standards, technical requirements, regulations, and instructions;
- It shall not specify particular requirements and conditions indicating a trademark, name, design, type, origin, manufacturing method, and manufacturer and/or supplier;
- If it is required to specify the requirements and conditions, the requirements and conditions shall be followed by "or its equivalent."

Figure 3. Standard bidding document element



Source: UNEP. PAGE (2015) Review of the public procurement legal framework of Mongolia

Producing specifications with sustainability criteria is not an easy task for the Evaluation Committee. Therefore, the SPP officer of the Procurement Division of MOF should provide advice and guidance and frequently organize trainings to relevant officers of procuring entities. The procurement division of MOF will provide a sample bidding document and provide advice on defining sustainability specifications.

With the support of UN Environment the Standard bidding document incorporating environmental requirements and criteria has been drafted for 3 priority products; namely A4 printing and copy paper, toner cartridge and concrete block. The process has included development of entire tender documentation. In this part we have shown the sample sustainability criteria applicable to printing and copy paper. There are several standards of Mongolia applicable to A4 printing.

Table 7. Technical specifications: Sample sustainability criteria for A4 printing and copy paper

Areas of criterion	Mandatory/basic requirements	Additional /voluntary	Verification documents
Environmental aspects			
Compliance with environmental legislations and environmental performance[12]	Paid all relevant environmental taxes and land fees if applicable Capacity to carry out the work in a sustainable manner. This must include evidence of the environmental objectives and targets to measure environmental performance and regular training of staff on health, safety and environmental aspects of production activities.	• Operational (production) procedure and staff training/communication/awareness programme to improve environmental performance, minimize risks and negative impacts, disasters and unforeseen circumstances	The bidder should provide: Evidence of similar work (references), copies of any third party certified environmental management system and environmental policy documents (ISO 14001, 14051, Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification and communication ISO/TS 14067:2013 or MNS ISO 14067:2017, environmental performance review and report)
Environmentally-friendly packaging	• The packaging for the paper shall not contain PVC • Responsibly sourced raw materials • Locally sourced raw materials (as close as possible) • Use raw materials with least environmental negative impacts • At least 20-30% recycled raw materials • No sourcing of raw materials with poor environmental, ethical and social records	Use recycled materials/waste	Product ecolabel Technical and physical description of product Any appropriate means of proof demonstrating that the criteria are met will be accepted, such as a technical dossier from the packaging manufacturer or a declaration from the paper manufacturer along with a certificate from a recognized body stating explicitly the absence of PVC in the material.
Sustainable packaging	• Must be designed so that no water or rainwater can lie or damage the product • Re-usable package • Less packaging		
Sustainable forest wood fibres	Paper must contain atleast 70% fibres that has been made from sustainable virgin fibres		Any appropriate means of proof demonstrating that criteria aimed for sustainability for

[12] UN Environment advises that in the agreement with the contracting authority, precise work instructions must be produced within a month of signing the contract. These instructions should outline in detail how the environmental and health and safety practices listed in the supplier qualification requirements will be implemented within this contract. Environmental performance may include, but not limited to using resources and materials that have less risks and negative impacts on environment, eliminating these impacts, minimizing discharges, emission and waste and conservation of natural resources.

			procurement of raw material (wood / wood pulp) are met will be accepted, such as a declaration from the manufacturer along with an independent audit report by a recognised body certifying the compliance to the criteria.. Products carrying the FSC label or equivalent will be deemed to comply.
Recovered paper fibres (pre and post-consumer recycled fibres)	Paper must contain atleast 70% recovered paper (include both post-consumer recycled fibres and pre-consumer recycled fibres)		Any appropriate means of proof demonstrating that the criteria are met will be accepted, such as a declaration from the manufacturer along with an independent audit report by a recognized body certifying the compliance to the criteria. Products carrying the Blaue Engel (German ecolabel), Umweltzeichen (Austrian ecolabel) or the FSC Recycled label or equivalent will be deemed to comply. The European Ecolabel, the Green Seal ecolabel and the PEFC label can also serve as means of proof if it is specified that the paper is made from 100% recovered paper fibres.
Elementary chlorine free (ECF)	The paper must be at least Elementary Chlorine Free (ECF)		Any appropriate means of proof demonstrating that the criteria are met will be accepted, such as a technical dossier from the manufacturer along with a test report from a recognized body showing compliance. All products carrying the European Ecolabel, Blaue Engel (German ecolabel), Nordic Swan, Eco Mark Japan, Chlorine-Free Products Association (CFPA) label or the Green Seal ecolabel, will be deemed to comply.

Brightness	The brightness level must be between 90 to 100 as measured by the ISO Brightness scale given in ISO 2470:2009 or equivalent		Any appropriate means of proof demonstrating that the criteria are met will be accepted, such as a technical dossier from the manufacturer along with a test report from a recognized body showing compliance, All products carrying the European Ecolabel, Blaue Engel (German ecolabel), Nordic Swan, Eco Mark Japan, Chlorine-Free Products Association (CFPA) label or the Green Seal ecolabel, will be deemed to comply.z
Social aspects			
Comply with ILO Core conventions on the international working standards	ILO –International working standards • Freedom of Association and Protection of the Right to Organise (No. 87) • Right to Organise and Collective Bargaining (No. 98) • Forced Labour (No. 29) • Abolition of Forced Labour (No. 105) • Discrimination (Employment and Occupation) (No. 111) • Equal Remuneration (No. 100) • Minimum Age (No. 138) • Worst Forms of Child Labour (No. 182)		The contractor is required to submit appropriate proof that these requirements have been met, such as a self-commitment/declaration that the requirements are met together with documentary support of the implementation and monitoring of measures[13].
Labour force/employment relations	• Full time employees	Labour force participation for those people who are disadvantaged	Employees' contracts
Fair pay and work relations	• Fair pay according to the work contract • Social and health insurance of full time employees are paid according to the relevant law from the date of employment		Social and health insurance payment statements authorized and approved by the relevant city/district Social welfare department (Include names of names of employees, salary and social and health insurance for each employee)

[13] UNEP. 2008. Sustainable Procurement Guidelines. Cleaning products and services product sheet

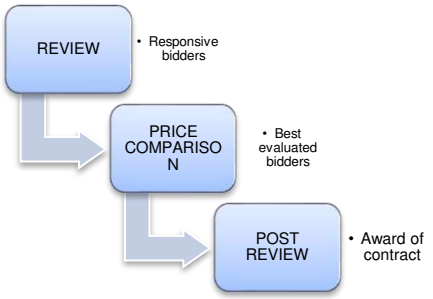
Safe working environment	• The bidder must demonstrate its capacity to provide a safe working environment for staff. This must include evidence of: o Implementation of occupational safety and health policy and performance reducing work-related illness and injuries o Proper handling, storage, labeling of chemicals, o Proper handling of toxic elements o First aid and accident arrangements Occupational health and safety training for staff o Regular equipment maintenance (UN Environment, 2008)		-An independently verified occupational health and safety management system -Alternatively a list of references for similar services rendered and/or list of any quality certifications and membership of any industry agencies/ confederations/ unions (UN Environment, 2008).
Economic aspects			
Ethical business	• Organisation's code of ethics is in place		Self-commitment and declaration
Support local economy	• Paid all taxes and fees • Locally sourced employees		
Transportation/delivery	• Deliver the product in an appropriate quantity • Deliver outside peak traffic times • Use of re-usable containers to transport products to the site • Take back packaging that comes with the product.	• Delivered in fuel-efficient vehicle	Declaration of contractor
Disposal (Physical removal or safe disposal)	• Take-back of packages and left-over or damaged paper		Declaration of contractor

STEP 6. Evaluate bids and award criteria

According to the PPLM the following actions are carried out to evaluate the bidder:

- At first stage (Documentary review) the Evaluation Committee reviews all the bidding documents. Of the total bidders the Evaluation committee selects the responsive bidders.
- At next stage, the Evaluation committee carries out the price comparison and chooses the best bidder.
- Prior to awarding the contract and contract signing the Evaluation committee makes the final or post review.

Figure 4. Evaluation of bids



Source: Minister of Finance's order. No 194. 2012, Guidelines for bid evaluation

With SPP implementation, MOF will renew Guidelines for bid evaluation. Accordingly, all bids which have met the minimum general criteria, financial criteria and qualification and expertise criteria will be evaluated against a specific set of award criteria for sustainability:

- Social criteria (5 points)
- Economic criteria (5); and
- Environmental criteria (10).

Unlike pass/fail criteria, the award criteria allow the possibility for procuring entities to progressively reward better points if specific thresholds are reached or conditions are met. To maximize transparency, the call for tenders should indicate clearly the award criteria specifying the points given to each of them and the formula according to which the points will be given.

Table 8. Criteria for evaluation for A4 printing and copy paper

№	Review criteria	Evaluation
I	**General criteria (Selection/exclusion)**	**Pass/Fail**
	Proof of legal entity (company certificate)	
	Tax responsibility of a company (paid tax for the last 3 years)	
	Statement on bankruptcy	
	Proof on not included in the Black list	
	Court statement	
	Bid Security	

II	**Financial qualification criteria (Selection/exclusion/mandatory by Law)**	**Pass/Fail**
	Financial statement of a company (last 3 years)	
III	**Technical qualification/expertise (Selection/ exclusion/ mandatory by Law)**	**Pass/Fail**
	Equipment, plants and facilities	
	Special license	
	Similar work experience	
	Education and professional qualifications of management and technical staff	
IV	**Social criteria (to be added as a part of SPP)**	**Maximum points (5)**
	Comply with ILO Core conventions on the international working standards	
	Labour force/employment relations	
	Social and health insurance of employees	
	Fair pay and work relations	
	Safe working environment	
	Employment of socially disadvantaged people	Optional/desirable
V	**Economic criteria (to be added as a part of SPP)**	**Maximum points (5)**
	Ethical business (Code of ethics)	
	Support local economy	
	Transportation/delivery to site	
	Disposal (Physical removal or safe disposal)	
VI	**Environmental sustainability criteria in the technical specifications of Standard bidding document**	**Maximum points (10)**
	Compliance with environmental legislations and environmental performance (Written corporate environmental policy, consistent with ISO 14001, or equivalent)	
	Quality management system at company (ISO 9001)	
	Sustainable forest wood fibres (Paper produced from virgin fibre stemming from legally harvested woods and from sustainably harvested wood) or Recovered paper fibres (pre and post-consumer recycled fibres)	
	Elemental chlorine free (Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body)	
	Brightness (Written proof that they meet this criterion)	
	Environmentally friendly packaging (Declaration by the packaging producer where the percentage of recycled content for cardboard in their packaging is specified)	
	Recyclable (Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body)	

STEP 7. Contract management. According to the PPLM the Evaluation Committee carries out the post review prior to contract signing. The post review is the 3rd part of the Evaluation which evaluates conditional price discount, re-validation of tenderers' capability and alternative bids. Furthermore, the procuring entity informs the winning bidder of the contract launch and approves the contractual conditions.

For contract management we refer to the World Bank's Procurement Guidance "Sustainable Procurement: An introduction for practitioners to sustainable procurement in World Bank IPF projects (2016). According to the World Bank Guidelines (2016), managing contract implementation covers elaborating a contract management plan, performance monitoring, reporting, managing the relationship with the supplier and disposal.

The best way to manage contract implementation and the relationship with the supplier is to develop a comprehensive contract management plan. The contract management plan can be developed with a review meeting schedule, performance measurement targets and measures.

Ongoing performance monitoring is necessary for the duration of the contract to ensure that the supplier continues to deliver in accordance with the specifications and contract terms. Review meetings and periodic audits of suppliers throughout the life of the contract could be carried out to verify that sustainability practices meet agreed requirements.

During this stage, monitoring results will usually depend on effective data collection in relation to what is being delivered, and to what standard or level of performance is being measured.

It is important that the sustainability results are openly and transparently reported. The results can be incorporated in the purchasing agency's reports, for example the annual report, a separate CSR report, or part of a more formal reporting process with independent assurance.

Managing the relationship with the supplier involves setting clear expectations and managing any issues arising professionally and in a timely manner. The quality of the supplier relationship can be strengthened and enhanced through a combination of practices:

- ensuring the supplier fully understands the contractual commitments and how they will be delivered, including the sustainability priorities;
- agreeing a contract that has a fair balance of risk between the purchaser and the
- supplier;
- agreeing procedures (e.g. base-contracts, protection of intellectual property) and
- conditions (e.g. prompt payments) that generate a better conditions for all supply chain stakeholders;
- ensure that suppliers, who have fully delivered, are paid on time as per the contractual terms and legal requirements;
- improve issues resolution through fair, transparent, professional and timely dialog; and pay particular attention to the different categories of suppliers.

Some goods, equipment and infrastructure require sustainable disposal strategies to be developed for the end of their useful life. Disposal options ought to be

reviewed and assessed with the aim of minimizing environmental impacts, maximizing recycling and reuse and determining all opportunities to minimize landfill and pollution. Disposal requirements could include consideration of disassembly, dismantling and reuse at the design stage, optimal selection of components and materials in the specification to maximize recycling opportunities, and recovery of subsystems and resources while minimizing the use of hazardous materials.

4.2. Tools for provision of sustainable procurement

For this sub-part we have used materials from Part 2.7 of the Handbook on Sustainable Public Procurement: Integration of Sustainability Into Public Procurement Procedure" developed by Yuliya Nikitchenko et al (2016). Accordingly, the tools and techniques can be subdivided into two groups:

- Tools to assess the environmental impacts of the procurement of certain products and services, to evaluate the environmental consequences of any activity connected with public procurement (e.g., Life Cycle Assessment, Life Cycle Costs, Carbon Footprint, Environment Product Declaration, Risks Assessment etc.).
- Tools for developing technical specifications and selection/awarding criteria (e.g., Environmental Norms and Standards, Eco-Labelling Schemes etc.).

Life cycle assessment (LCA) is a methodological framework for estimating and assessing the inputs, outputs and potential environmental impacts of a product system throughout its life cycle. LCAs take into account the product's full life cycle: from the extraction of resources, over production, use and recycling up to the disposal of the remaining waste. Generally, LCA has four analytical stages: goal and scope definition, life cycle inventory, impact assessment, and interpretation of the results. In many ways, the first stage is the most important. The goal and scope define what is studied, what alternatives are compared and how. After the goal and scope are well defined, the comparison of different alternatives can be done on a common basis, often defined as the functional unit.

In public procurement, LCA could help to learn about the environmental aspects of the product, fulfill customer requirements, define environmental criteria for SPP and choose between alternatives. More generally, life cycle assessment provides possibilities to introduce innovations as well as methods and systems where the performance requirements can also favor competition for environmental development. LCA as a tool to measure the environmental impacts of tenders may provide the best framework for assessing the potential environmental impacts of products, and thus is an important tool supporting SPP.

Life cycle costing (LCC) is defined as an economic assessment considering all agreed projected significant and relevant cost flows over a period of analysis expressed in monetary value. The projected costs are those needed to achieve defined levels of performance, including reliability, safety and availability.

In the context of Sustainable Public Procurement, the use of LCC is essential to demonstrate that procurement processes and decisions have to move beyond considering the purchase price of a good or service, for the purchase price does not reflect the financial and non-financial gains that are offered by environmentally and socially-preferable assets as they accrue during the operations and use phases of the asset life cycle.

Typical LCC analyses are therefore are based on:

- Purchasing costs and all associated costs such as delivery, installation, commissioning and insurance;
- Operating costs, including utility costs such as energy and water use and maintenance costs;
- End-of-life costs such as removal, recycling or refurbishment and decommissioning;
- Longevity and warranty time frames of the asset.

Product/service carbon footprint (PCF) can be defined as GHG emissions of a product across its life cycle, from raw materials through production (or service provision), distribution, consumer use and disposal or recycling. It includes the greenhouse gases, such as carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), together with families of gases including hydrofluorocarbons (HCFs) and perfluorocarbons (PFCs). Typically, the three gases mentioned first contribute most to the indicator of climate change, the Global Warming Potential (GWP).

As defined by the Intergovernmental Panel on Climate Change (IPCC), the GWP is an indicator that reflects the relative effect of GHGs in terms of climate change considering a pre-defined time period. Typically, a time period of 100 years is considered. PCF can be calculated by multiplying amounts of GHG emissions by their respective GWP values. CF is expressed in carbon dioxide equivalents (CO_2e). This unit is used for comparing the radiative forcing of other GHGs to carbon dioxide. In other words, the GWP value for CO_2 is 1, whereas for CH_4 it is 25, and for N_2O it is 298, for instance.

Many different calculating schemes for PCF exist, including among others: GHG protocol, ISO 14067 and PAS2050 (BSI 2008, GHG Protocol 2011). Typically, the level of detail given in the standards differs. Each standard has a slightly different focus on the links between product category rules. Other assumptions and allocation procedures can also explain the differences between calculating schemes.

At present, the various protocols have not been harmonized. Thus, comparability between products and their carbon footprints is limited. Additionally, for example, the results based on GHG protocol are not meant as a platform for comparing other products. Some comparisons in the results would be possible if sufficient information, i.e. a detailed report, is provided and considered. However, as the provided information would be very technical, it could be difficult and time-

consuming for a non-expert to understand all the assumptions and make justified comparisons between products.

Environmental product declaration (EPD) presents the environmental impact of a product or service throughout its life cycle, i.e. the results of a LCA. Within each EPD system, the results should be comparable, as they follow certain rules (product category rules). The Swedish EPD system was launched in 1998, and later became truly international (International EPD 2011). A climate declaration is a further development of EPDs that focuses on climate-related data and gives the impact in CO2e. The method for producing climate declarations follows ISO standards 14040, 14044, and 14025.

Product category rules (PCR) provide guidance and rules for the collection of data and other information, as well as how the calculations on climate declarations or EPDs should be done to transfer the data about the environmental impact.

Environment Management System (EMS) is a tool for managing the impacts of production and consumption on the environment. EMS monitors environmental performance, similar to the way a financial management system monitors expenditure and incomes. Accordingly, it is highly appropriate to enquire about an environmental management system when procuring services and contracting works.

A good EMS should be integrated in the corporate plan and policies, set clear targets for the improvement of management of environmental performance, comply with all existing environmental laws and be clearly communicated to stakeholders. Sometimes procurers may confuse Environmental Management Systems (EMS) with environmental labels. It is important to stress that EMS do not certify the environmental quality of a product or service. An EMS certifies that a system is in place in the organisation to keep track of the environmental performance.

The main difference with environmental labels is that EMS certification concerns a company, and not a product. More precisely, EMS certify that a company has an environmental management system in place. As such, they can only be used in the suppliers' selection phase.
For procurement purposes, the fact that a company has an EMS is a proof of goodwill towards the protection of the environment but it is not a direct proof of good environmental performance. An EMS enables a company to be more efficient in detecting source of environmental problems than a non-certified one.

When selecting suppliers, service providers or contractors, procurement practitioners can ask bidders to demonstrate their technical capacity to carry out the contract and to take measures for the protection of the environment. These specific cases are those when the execution of the contract can cause environmental damages; here the proof of environmental care is directly related to the subject matter of the contract. An example can be a large construction project

in a naturally sensitive area, where it is necessary to establish particular measures of environmental protection. It is important to note that procurers and requisitioners cannot require bidders to register with a particular EMS scheme, in the same way as they cannot require them to carry an environmental label. Procurement professionals have to accept all internationally recognised certificates or other valid means of proof of bidders technical capacity.

Nonetheless, an ISO 14001 or EMAS certification can serve as (non-exclusive) proof of technical capacity.

Eco-Management and Audit Scheme is a voluntary EU regulation for environmental control and environmental auditing in the aim of reducing a company's environmental footprint. EMAS is based on the ISO 14001 requirements, but also include requirements for a transparent and reviewed environmental audit. EMAS also entails taking more clearly into account the environmental footprint of subsuppliers, meaning the roll of purchasers. The list of environmental aspects that are to be taken into consideration specifically includes the suppliers' environmental footprint and the identification of significant environmental aspects in conjunction with the procurement process. This type of approach can be effective for both customers and suppliers.

ISO 14001 is an international environmental management standard aimed at reducing a company's environmental footprint. The basic level for the ISO 14001 requirements is to prevent negative environmental effects and to comply with national legislation. At the same time, the standard stipulates continuous work on achieving objectives and relentlessly pursuing improvements to the company's environmental impact, as well as ensuring that the organisation governs and controls the environmental aspects that are deemed to have a major environmental impact.

Risk assessment. To maximize the efficiencies and sustainability and minimize damage to the environment, human health and local ecosystems, risk assessment is a useful tool to study risks associated with air emissions, water pollution and waste accumulation of products production and consumption. Sustainability Risk Assessment is intended to ensure that environmental, social and economic (sustainability) issues are assessed, understood and managed in all key procurement decisions that relate to the procurement of goods and services. The risk assessment assesses the sustainability risk of a particular contract and prioritises areas to address within the tendering process:

Step 1: Consider questions on sustainability in relation to the upcoming tender.
Step 2: Make a list of the Sustainability Risks.
Step 3: Assess the sustainability risk and value.
Step 4: Prioritise management of the sustainability risks and determine actions.

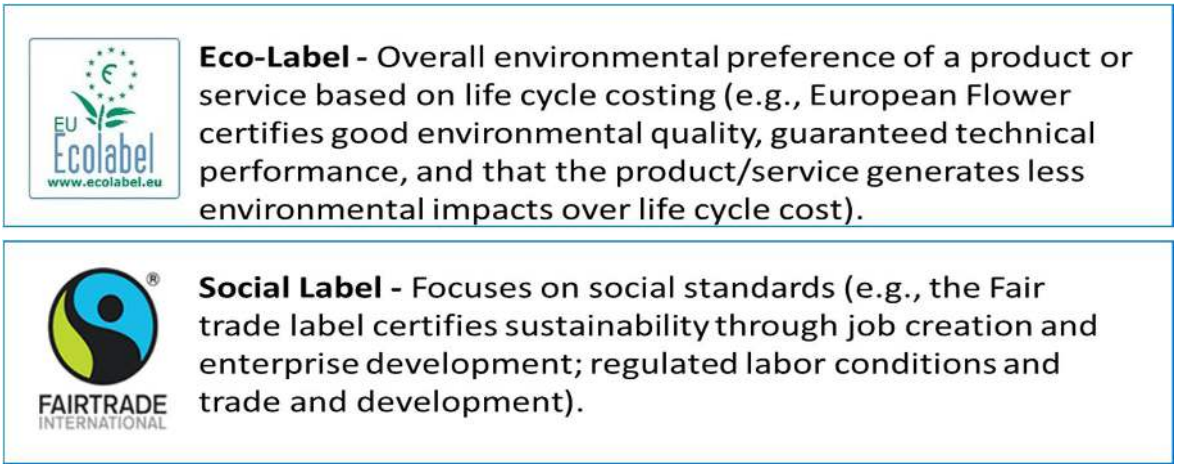
Types of Sustainability Risks. The impacts upon the environment, the community, the local economy and on issues such as equalities need to be investigated. Risks under this remit include:

- Risk of causing harm to the environment, through execution of the contract, e.g. utilizing a service or using an item of equipment;
- Risk of damaging the organisation's reputation, through execution of the contract. This could be attributable to any environmental damage caused or likely to be caused through contract execution throughout the supply-chain, or to the reputation of the supplier delivering the contract;
- Risk of missing opportunities to aggregate benefits across service delivery areas;
- Risk of delivering poor value for money resulting in remedial costs and greater maintenance requirements.

Environmental norms and standards may be a useful tool for bridging the competency gap between product specific features and environmental requirements. Environmental norms and standards are policy guidelines that regulate the effect of human activity upon the environment. Seeking and enforcing environmental norms and standards – whether voluntary or legal – seek to regulate and reduce the amounts of pollutants discharged into the environment with the ultimate objective of achieving at least some degree of sustainability.

Ecolabels primarily deal with the environmental performance of a product or service. Ecolabels can be helpful in managing the environmental criteria associated with a product or service, and can be used to help define specifications or be used as a requirement for products. The ISO has identified three types of voluntary labels:

- Type 1-voluntary, multiple-criteria based, third party program that awards a license that authorizes the use of environmental labels on products indicating the overall environmental preferability of a product within a particular product category based on life cycle considerations.
- Type 2-informative environmental self-declaration claims.
- Type 3-voluntary programs that provide quantified environmental data of a product, under pre-set categories of parameters set by a qualified third party and based on life-cycle assessment, and verified by that or another qualified third party.



Source: The World Bank (2016) Sustainable Procurement: An introduction for practitioners to sustainable procurement in World Bank IPF projects

When applied appropriately, labels can be useful in preparing bidding document and award criteria. The procuring entities may use criteria from labels to draft technical specifications and verify compliance (WB, 2016). However, for labels to be used appropriately the following considerations ought to be taken into account:

- The label must be a credible, internationally recognized certification or accreditation scheme;
- The use of a particular label needs to be relevant to the subject matter of the procurement; and
- Vendors ought not to be required to be registered under a particular label, equivalent labels or accreditation ought to be allowed.

Information on labels and certification schemes available worldwide is available[14]:

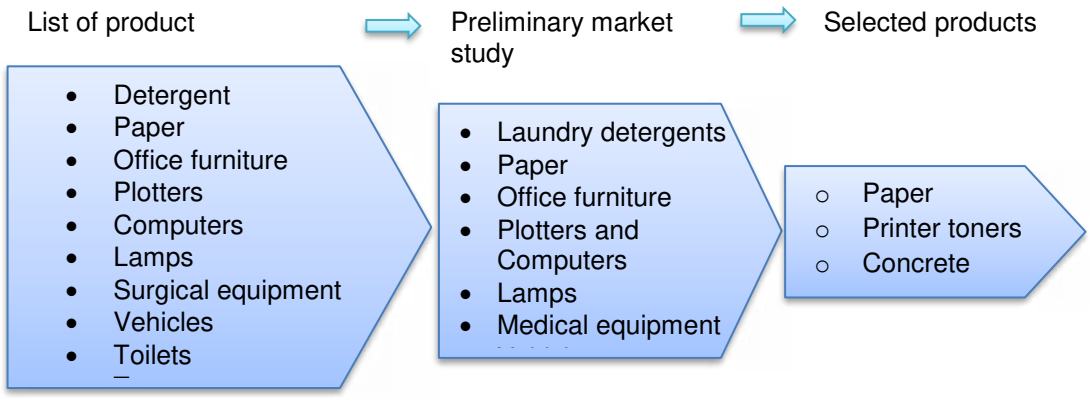
- Ecolabel Index
  - http://www.ecolabelindex.com/
- Global Ecolabelling Network (GEN)
  - http://www.globalecolabelling.net/eco/ ecofriendly-products-by-category/
- EU GPP Criteria
  - http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm
- Standards Map
  - http://www.standardsmap.org/
- International Finance Corporation/WB Performance standards
- http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Our+Approach/Risk+Management/Performance+Standards

[14] The World Bank (2016) Sustainable Procurement: An introduction for practitioners to sustainable procurement in World Bank IPF projects.

CHAPTER V. SUSTAINABILITY CRITERIA FOR SELECTED PRODUCTS

As a result of the Prioritization exercise, carried out by the MOF with the support of PAGE/UN Environment, A4 copy paper, printer ink cartridges and lightweight concrete blocks were selected as priority product categories to be procured via pilot tenders.

Figure 5. Prioritized products



Source: PAGE (2015) Market Readiness Analysis on Sustainable Public Procurement in Mongolia

The market availability and key specifications of each priority product are discussed below:

5.1 A4 paper

5.1.1 Environmental impacts

Sustainable products are those products that provide environmental, social and economic benefits while protecting public health and environment over their whole life cycle, from the extraction of raw materials until final disposal. Therefore, the study aims to define categories of sustainable paper with respect to the combination of environmental, social and economic sustainability considerations.

5.1.2 Key criteria

The table 6 summarizes the main sub-categories of sustainable paper as described above in terms of environmental, social and economic sustainability.

Table 9. Sub-categories of sustainable A4 copy paper

Environmental sustainability			
Sub-categories			**Sub categories for SPP approach**
Sustainable fiber sources	Paper produced from virgin fiber stemming from legally harvested woods and from sustainably managed forests	⇨	- Recycled paper - Paper from legally and sustainably harvested wood - Paper produced through processes characterized by low energy consumption and emissions - Elemental chlorine free - Brightness - Recyclability (post-consumer) - Environmental management system
	Recycled paper		
Impact on climate change	Consuming little energy and water		
	Chlorine free		
	Avoiding other chemical substances		
	Optical brightening agents		
	Environmentally-friendly packaging		
	Recyclability (post-consumer)		
Impact on manufacturer /supplier	Corporate environmental policy		
	Environmental management system		
Social sustainability			
Impact on local communities	Production and supply chain of paper according to international labour standards and human rights laws	⇨	- Production of product according to international labour standards - Technical quality
	Local sustainability		
	Technical quality		
Economic sustainability			
Impact on local economies	Economic contribution of paper sector to national GDP	⇨	Cost-saving paper that is more efficient to operate
	Job creation in paper sector of the country and opportunities for SMEs		
	Multipurpose paper		
	Re-investing in operations of paper sector		

Source: Sustainable Procurement Guidelines, UNEP, 2010 and Green Public Procurement, European Commission

According to Sustainable Procurement Guidelines of UN Environment two sets of sustainability criteria are presented in the sustainable procurement. One is the basic sustainability criteria that address the most important environmental and social impacts and the other is advanced sustainability criteria that is intended for use by procurers seeking to purchase the best environmental and socially responsible products available on the market. The Table 7 summarizes the

sustainability and verification criteria for copy paper used in United Nations and European Commission.

Table 10. Sustainability criteria and verification for A4 paper, international level

#	Sustainability criteria	Means of Verification
1	**Recycled paper**: Paper must be made from 100% recovered paper fibers.	Paper carrying any type I ecolabel, such as Blue Angel, or Recycled label can serve as means of proof if it is specified that the paper is made from 100% recovered fibers. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body[15] will also be accepted.
2	**Paper produced from virgin fiber:** In case of impossibility to purchase paper made from 100% recovered fibers due to higher cost and/or insufficient market supply, paper produced from virgin fiber stemming from legally harvested woods and from sustainably managed forests can be purchased. All virgin wood fibers for pulp production will come from forests that are managed so as to implement the principles and measures aimed at ensuring sustainable forest management.	Paper carrying the FSC or PEFC label, European label, Nordic Swan label will be deemed to comply. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will also be accepted.
3	**Elemental chlorine free (EFC)**: The paper must be at least ECF.	All products carrying the European ecolabel, Blue Angel, Nordic Swan, Eco Mark Japan, Chlorine-Free Products Association (CFPA) will be deemed to comply. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will also be accepted.
4	**Brightness**: The brightness level must be <90 according to ISO 2470:1999 or equivalent. Above 90 the paper would need to be treated with optical brightening agents. Levels as low as 60 are of a good enough quality for everyday office use.	Bidders must provide written proof that they meet this criterion.
5	**Technical quality:** Paper must be fit for use with standard office machinery in accordance with relevant national or regional standards.	Paper certified that compatible with machinery accordance with DIN 190309, AFNOR Q11-013, or equivalent. Otherwise, a sample of the paper must be provided to the procurer in order to test the quality of paper.
6	**Compliance with environmental legislation:** Bidders shall not be permitted to take part in a contract if they: Have been found guilty of grave professional misconduct, including non-compliance with environmental legislation, or have not fulfilled	Bidders must provide a declaration that they meet this criterion.

[15] Recognized bodies are test and calibration laboratories and certification and inspection bodies that comply with applicable regional, national and/or international standards.

	obligations relating to the payment of social security obligations.	
7	**Production of the product according to international labour standards:** The bidder shall provide proof from an independent third-party certification body that the manufacturer of the product complies with international working standards (ILO Core Convention) throughout the whole supply chain.	The bidder is required to submit appropriate proof that these requirements have been met.
8	**Written corporate environmental policy:** The bidders will provide their own written corporate environmental policy.	The bidder is required to present the written corporate environmental policy, consistent with ISO 14001, or equivalent. Any other appropriate evidence will be accepted.
9	**Operational, third party, environmental management system:** The bidder will provide certificates of environmental management system for all companies in the supply chain.	The bidder is required to provide certificates of environmental management system for all companies in the supply chain that is certified by third-parties. For example, ISO 14001, European EMAS etc.

Source: Sustainable Procurement Guidelines, UNEP, 2010 and Green Public Procurement, European Commission

Table 11. Suggested sustainability criteria and corresponding verification for SPP of A4 copy paper

Environmental sustainability criteria			
Sustainability criteria	**Short term**	**Medium term**	**Long term**
	Verification	**Verification**	**Verification**
Recycled paper	This criterion does not seem appropriate due to the lack of provision of recycled paper	This criterion does not seem appropriate due to the lack of provision of recycled paper	-Any type I ecolabel, such as Blue Angel, or Recycled label. -Any other appropriate means of proof
Paper produced from virgin fibre stemming from legally harvested woods and from sustainably harvested wood	Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body	FSC or PEFC label, European label, Nordic Swan label	FSC or PEFC label, European label, Nordic Swan label
Elemental chlorine free	Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body	European ecolabel, Blue Angel, Nordic Swan, Eco Mark Japan, Chlorine-Free Products Association (CFPA)	European ecolabel, Blue Angel, Nordic Swan, Eco Mark Japan, Chlorine-Free Products Association (CFPA)
Brightness	Written proof that they meet this criterion.	Written proof that they meet this criterion.	Written proof that they meet this criterion.
Environmentally friendly packaging	Declaration by the packaging producer where the percentage of recycled content for cardboard in their packaging is specified	Declaration by the packaging producer where the percentage of recycled content for cardboard in their packaging is specified	Declaration by the packaging producer where the percentage of recycled content for cardboard in their packaging is specified

Technical quality	A sample of the paper must be provided to the procurer in order to test the quality of paper.	A sample of the paper must be provided to the procurer in order to test the quality of paper.	Paper certified that compatible with machinery in accordance with DIN 190309, AFNOR Q11-013, or equivalent.
Environmental management system	-Written corporate environmental policy, consistent with ISO 14001, or equivalent. --Any other appropriate evidence	ISO 14001	ISO 14001
Quality management system	-	ISO 9001	ISO 9001
Long life	-	ISO 9706	ISO 9706
Recyclable (post-consumer)	Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body	Recyclable labels	Recyclable labels
Social sustainability of suppliers			
Social responsibility	-	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.
Supply chain according to labour standards and human right laws	-	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.
Economic sustainability of suppliers			
Job creation in local economy	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.
Cooperation with SMEs and individuals through paper supply chain	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.	Appropriate proof that the requirement has been met.

5.2 Toner cartridge

5.2.1 Environmental impacts

80% of the total printer cartridges supplied to the market are imported from foreign markets. Toner cartridges supplied in the Mongolian market can be categorized as follows:

- Original equipment manufacturers' toner cartridges;
- Remanufactured toner cartridges (cartridges that have been refilled with toner as well as replaced with expendable parts);
- Toner cartridges produced by local and domestic companies with imported components assembled in Mongolia;
- Re-charged cartridge (only toner has been replaced in original and remanufactured cartridge); and
- Imitated cartridge imported from China (Produced according to the original printer cartridge characteristics with cheap materials and components).

Environmental sustainability: Environmentally sustainable toner cartridges can be defined as any effort undertaken to reduce the environmental impact of toner cartridges. The main issues for toner cartridges are toxic chemicals and heavy metals used in the production, consuming significant amount of energy, generating a considerable amount of waste arising from empty toner cartridges and contaminating the natural environment due to their hazardous content.

Social sustainability: As defined in the A4 paper section, toner cartridges in terms of social sustainability can be defined as any effort that creates social value in national and local communities. In case of social sustainability, toner cartridges' sub-categorizations include corporate social responsibility, the ILO conventions as well as quality and technical issues.

Economic sustainability: Cartridge can be defined in terms of economic sustainability as a contribution to local economic outcomes, including cost savings. Cartridges' sub-categorizations of economic sustainability are the same as in the A4 paper section.

The table below summarizes the main sub-categories of sustainable toner cartridge as described above in terms of environmental, social and economic sustainability aspects.

5.2.2 Key criteria

Table 12. Sub-categories of sustainable toner cartridge

Environmental sustainability			
Sub-categories			**Sub categories for SPP approach**
Chemicals contained in the toner powder	Heavy metals in toner	⇨	-Heavy metals in toner -Azo-colorants in toner -Remanufacture (requirements for case parts) -Re-use/recycling -Take-back scheme -Environmental management system
	Azo-colorants in toner		
	Harmful and hazardous substances in toner		
Impact on climate change	Remanufacture (requirements for case parts)		
	Re-use/recycling		
	Take-back scheme		
	Environmentally-friendly packaging		
Impact on manufacturer /supplier	Corporate environmental policy		
	Environmental management system		
Social sustainability			
Impact on local communities	Production and supply chain according to international labour standards and human rights laws	⇨	- Production of product according to international labour standards - Technical quality
	Local sustainability		
	Technical quality		
Economic sustainability			
Impact on local economies	Economic contribution of cartridge sector to national GDP	⇨	Cartridges that are compatible with major printers

Table 10 summarizes the sustainability and verification criteria for toner cartridge used by the United Nations and the European Commission.

Table 13. Sustainability criteria and verification for toner cartridge, international level

#	Sustainability criteria	Means of Verification
1	**Heavy metals in toner:** Toners must not be manufactured with a combined total of more than 100 ppm (parts per million) of heavy metals such as lead, mercury, cadmium, or chromium.	Cartridge carrying the Blue Angel, the Umweltzeichen (Austrian ecolabel), the Eco Mark Japan, Ecologo, Thai Green Label or the Nordic Swan can serve as means of proof. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will also be accepted.
2	**Azo-colorants in toner:** The content of the toner powder of primary unsulphonated aromatic amines soluble in 1M hydrochloric acid and expressed as aniline does not exceed 500 mg/kg, and there is no more than 10 mg/kg Benzidine, ß-Naphthylamine and 4-Aminobiphenyl	Cartridge carrying the Blue Angel, the Umweltzeichen (Austrian ecolabel), the Eco Mark Japan, Ecologo, Thai Green Label or the Nordic Swan can serve as means of proof. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will also be accepted.
3	**Requirements for case parts** (for remanufactured toner cartridges): Plastic Parts shall • Contain a maximum of 0.1% Polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs); and • Not contain any chlorinated plastics.	All products carrying the Blue Angel, the Umweltzeichen (Austrian ecolabel), the Eco Mark Japan, Ecologo, Thai Green Label or the Nordic Swan can serve as means of proof. Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will also be accepted. Bidders shall demonstrate compliance with the criterion of "quality and guarantee" in writing
4	**Ease of re-use/recycling:** Original cartridges shall • Have modules that are easily separable by hand or with standard tools; • Not have non-separable joints, such as glued or welded joints between different materials (for case parts and chassis); • Not have integrated circuit chips or other devices or designs installed or implemented to prevent disassembly or re-use; and • Suppliers or manufacturers do not place or attempt to place physical, contractual, or legal restrictions upon the use of remanufactured cartridges by third parties.	Bidders must provide a written declaration of compliance with this criterion. Upon request, they may be asked to provide samples of the product and/or documentation from manufacturers of cartridges or their components.
5	**Take-back scheme:** Bidders shall ensure that empty and used toner cartridges are taken back for the	Bidders must provide appropriate documentation of the existence of a toner

	purpose of reusing and recycling the toner cartridge. Information on the terms of the take-back scheme as well as the return station shall be included on the product packaging. Information/instructions on appropriate handling of the toner cartridges, for example, for opening and closing, shall also be provided on the product itself.	cartridge take-back scheme. Bidders must demonstrate the existence of appropriate information/instructions on handling cartridges.
6	**Compliance with environmental legislation:** Bidders shall not be permitted to take part in a contract if they: Have been found guilty of grave professional misconduct, including non-compliance with environmental legislation, or have not fulfilled obligations relating to the payment of social security obligations.	Bidders must provide a declaration that they meet this criterion.
7	**Production of the product according to international labour standards:** The bidder shall provide proof from an independent third party certification body that the manufacturer of the product complies with international working standards (ILO Core Convention) throughout the whole supply chain.	The bidder is required to submit appropriate proof that these requirements have been met.
8	**Written corporate environmental policy:** The bidder will provide own written corporate environmental policy.	The bidder is required to present the written corporate environmental policy, consistent with ISO 14001, or equivalent. Any other appropriate evidence will be accepted.

Source: *UNEP, 2010. Sustainable Procurement Guidelines*
European Commission (2016) Buying green

In Mongolia, some basic sub-categories of sustainable toner cartridges that are recognized at an international level are possible to apply when practicing sustainable public procurement in the context of Mongolia.

Table 14. Suggested sustainability criteria and their means of verification for SPP implementation of toner cartridges

Environmental sustainability criteria			
Sustainability criteria	**Verification**		
	Original toner cartridge	**Remanufactured toner cartridge**	**Toner cartridges produced by domestic companies**
Heavy metals and azo-colorants	**Short term**: Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will be accepted. **Medium term**: Cartridge carrying type I ecolabel such as the Blue Angel, the Umweltzeichen (Austrian ecolabel), the	**Medium term**: Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will be accepted.	**Long term**: Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will be accepted.

	Eco Mark Japan, Ecologo, Thai Green Label, and the Nordic Swan can also serve as means of proof.		
Requirements for case parts and other components (for remanufactured toner cartridges)		**Medium term**: Appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will be accepted. **Long term:** All products carrying the Blue Angel, the Umweltzeichen (Austrian ecolabel), the Eco Mark Japan, Ecologo, Thai Green Label or the Nordic Swan can also serve as means of proof.	**Medium term:** Any other appropriate means of proof, such as a technical dossier of the manufacturer or a test report from a recognized body will be accepted. Bidders shall demonstrate compliance with the criterion of "quality and guarantee" in writing
Ease of re-use/recycling:	**Medium term:** Bidders must provide a written declaration of compliance with this criterion. Upon request, they may be asked to provide samples of the product and/or documentation from manufacturers of cartridges or their components.		**Medium term:** Bidders must provide a written declaration of compliance with this criterion. Upon request, they may be asked to provide samples of the product and/or documentation from manufacturers of cartridges or their components.
Take-back scheme	**Medium term**: Bidders must provide appropriate documentation of the existence of a toner cartridge take-back scheme. Bidders must demonstrate the existence of appropriate information/instructions on handling cartridges.	**Medium term**: Bidders must provide appropriate documentation of the existence of a toner cartridge take-back scheme. Bidders must demonstrate the existence of appropriate information/instructions on handling cartridges.	**Medium term**: Bidders must provide appropriate documentation of the existence of a toner cartridge take-back scheme. Bidders must demonstrate the existence of appropriate information/instructions on handling cartridges.
Environmentally preferred packaging	**Short term**: Bidders must provide appropriate documentation	**Short term**: Bidders must provide appropriate documentation	**Short term**: Bidders must provide appropriate documentation
Environmental management system	**Short term:** ISO14001	**Medium term**: ISO14001	**Medium term**: Written corporate environmental policy, consistent with

			ISO 14001, or equivalent. Any other appropriate evidence
Quality management system	**Short term:** ISO9001	**Medium term**: ISO9001	-
Social sustainability of key suppliers in Mongolia			
Social contribution[16]	**Short term**: Appropriate proof that the requirement has been met.	**Long term**: Appropriate proof that the requirement has been met.	**Long term**: Appropriate proof that the requirement has been met.
Supply chain according to labour standards and human right laws	**Short term**: Appropriate proof that the requirement has been met.	**Long term**: Appropriate proof that the requirement has been met.	**Long term**: Appropriate proof that the requirement has been met.
Technical quality	**Short term**: A sample of toner must be provided to the procurer in order to test quality	**Short term:** A sample of toner must be provided to the procurer in order to test quality	**Short term:** A sample of toner must be provided to the procurer in order to test quality
Economic sustainability of key suppliers in Mongolia			
Job creation in the local economy	**Short term**: Appropriate proof that the requirement has been met.	**Medium term**: Appropriate proof that the requirement has been met.	**Medium term**: Appropriate proof that the requirement has been met.
Cooperation with SMEs and individuals through the supply chain	**Short term**: Appropriate proof that the requirement has been met.	**Medium term**: Appropriate proof that the requirement has been met.	**Medium term**: Appropriate proof that the requirement has been met.

Note: Short term – criteria can be employed in public procurement in the short term; medium term – the criteria can be employed in public procurement in the medium term; and long term – the criteria can be employed in public procurement in the long term.

5.3 Concrete block

5.3.1 Environmental impacts

Currently, there are no criteria to determine the sustainability of construction materials in Mongolia. Instead, there are labels, standards and laws to ensure the safety and quality of raw materials for construction. Standards for lightweight concrete blocks cover allowed levels for each raw material, nature of the product,

ustainability such as building and maintaining healthy, strong communities, supporting social inclusion and enhancing the well-being of local residents by generating local employment. Currently, the main local suppliers in Mongolia have created a number of jobs, and support SMEs and individuals through their supply chains. Moreover, some of them spearhead funding programs to give assistance for the education of Mongolian children.

nomenclature, marking, reception, and storage descriptions; however, there are no relevant articles in related Mongolian standards that can meet criteria for the international eco labelling of sustainable products.

Environmental sustainability: The production of construction materials seriously takes into account environmental sustainability. As such, the priorities for environmental sustainability are:

- appropriate natural resource use;
- waste management;
- energy and water saving issues.

Forest protection technology
Lightweight concrete blocks **replace wooden materials**, and **last longer**, which helps to preserve this natural resource.
Greenhouse gas reduction
Fly ash based lightweight concrete blocks reduce air and soil pollution, and **save the use of non-renewable natural resources** such as sand by 50-100%, and water by 15-25%. Moreover, buildings constructed with lightweight concrete blocks have a **good thermal insulation** that additionally allows to save energy during the operational use of the building, which in turn helps to reduce the greenhouse gas emission.
Water consumption
The production of sand-based lightweight concrete blocks requires high water consumption, while the production of fly ash based lightweight concrete blocks **saves 25% of water**, as fly ash from thermal power plants already contains 40% of water. It is also required to use grey-water or recycled water during the production of fly-ash lightweight concrete blocks.
Efficient energy use
The production of fly-ash-based lightweight concrete blocks uses a small amount of energy, and **saves the cost required for sand milling** and, compared to wooden materials, reduces of **up to one half the energy consumption** during the operational use of the building.
Air and soil pollution reduction
The **re-use of fly ash** in the production of lightweight concrete block **eliminates the threat of air and soil pollution that might result from fly ash**. It also allows reusing fly ash from thermal power plants.
Waste management
Lightweight concrete block production and building may use **a zero-waste** technology.
Allowed level of poisonous chemical substances
Radiation is an important issue in the production of fly-ash based lightweight concrete blocks at international level. For Mongolia, the allowed level for all construction materials is ≤370 Bq/kg.
Material durability:

- **Long lasting**: Lifecycle of buildings constructed by using lightweight concrete blocks is long, thus the environmental impact is lower.
- **Good thermal insulation**: The thermal insulation of lightweight concrete blocks is good, which is very cost effective for operational energy use.
- **Noise insulation**: By international standards, the average allowed noise level is measured in terms of duration. Lightweight concrete blocks are also considered as a good noise insulation material.

Environment protection policy

Producers of lightweight concrete blocks are required to develop and implement environmental policies.

Social sustainability: Social sustainability in the construction material production is rather considered at the operational usage stage. For example, it takes into account the impact on consumers' health, and the support of local development, such as:

- *Local sustainable development support:* It is important that the producer collects raw materials from local areas and implements social responsibility policies benefiting the local population.
- *Safety of workers:* It is required to reduce the workplace-related diseases and to follow Safety and Health Standards.
- *Support the improvement of consumer living standards:* Fire and earthquake resistance: Considers the potential damage a material may have on the human body during the material's intended use.

Economic sustainability: The economic sustainability includes solutions, initiatives and benefits to reduce the construction material costs at the production, building and usage stages.

- *Consider solutions to decrease costs at all levels of construction:* Savings on building lifecycle, design, building repair and maintenance related costs are considered for lightweight concrete blocks.
- *Benefits for the local economy:* The benefits for the local economy may include the increase in the number of workplaces, tax payments and the support of local SMEs.

5.3.2 Key criteria

Currently, no single enterprise producing lightweight concrete blocks in Mongolia has received an internationally recognized ecolabel. The Table 12 shows international ecolabel criteria (The European Ecolabel, The Nordic Swan, Scandinavia, The Blue Angel, Umweltzeichen BREEAM – Building research establishment's environmental assessment method LEED and LBC label) that can be applied in a case of implementing sustainable procurement in Mongolia.

Table 15. International sustainability criteria for light concrete blocks

International categories			Public procurement categories
Environmental sustainability			
Water saving	Water consumption saving		- Reduction of water consumption - Energy savings - Recycling of material - Use of recycled material - Use of quickly renewable natural resources - Material with low greenhouse gas emission - Monitoring of internal chemical and pollution sources
	Creation of a water-saving environment		
Energy saving	Optimal energy consumption		
	Usage of renewable energy		
Material and resource	Recycling of materials		
	Construction waste management		
	Use of recycled materials		
	Use of quickly renewable natural resources		
Material quality	Material with low greenhouse gas emission		
	Monitoring of internal chemical and pollution sources		
Social sustainability			
Support of local sustainable development	Implementation of social responsibility policies		- Presence of social responsibility policy - Presence of Safety and Health Standards policy - Support to improve consumer life quality
	Implementation of policy to reduce workplace-related disease and to follow Safety and Health Standards.		
	Support to improve consumer life quality		
Economic sustainability			
Benefits to local economy	Increase in the number of opportunities in the workplace		- Increase in the number of opportunities in the workplace - Taxes to be paid in order to support the local economy - Support of local SMEs - Considerations for solutions to decrease the costs of construction materials
	Taxes to be paid in order to support the local economy		
	Support of local SMEs		
Consider solutions to decrease the costs of construction materials	Long durability of material		
	Labour facilitating solutions in material design		
	Post-construction maintenance		

Source: Promoting sustainable construction in the EU, Green labels, Certification Systems and Green Procurement, Dr. Ogenis Brilhante and Julia M.Skinner MSc, 2015

The main standard for the lightweight concrete block production industry is “Thin concrete. Composition and durability–Technical requirements – MNS 0831:2001”.

Table 16. Mongolian standards for materials and lightweight concrete blocks

#	Materials	MNS standards
Material standards		
1	Lime powder	MNS 347:2002,
2	Cement	MNS 3091:2008
3	Gypsum	-
4	Aluminium powder	-
5	Water	MNS 3821:85
6	Sand	MNS 392:98

7	Substitution materials: Fly ash and slag (Either fly ash and slag are substituted, or a percentage of the cement or sand)	MNS 3925: 2015
Standards of lightweight concrete block specification		
1	Characteristics of the design and product: Cellular concrete. Test methods	MNS 1527:86
2	Standards for labelling and marking of product	MNS222.2
3	Standards for acceptance testing and criteria for ready, mixed concrete	MNS 2228.2
4	**Cellular concrete. Design and product- Specification**	**MNS 0831:2001**

Source: www.e-standart.mn

Table 17. Categories and main verifications

№	Categories	Main verifications
1	**Energy saving:** - Optimal energy consumption, - Use of renewable energy,	Verifications are granted based on consumed energy measurement and energy source. It also has to comply with related local standards, laws and regulations. The source depends on renewable and bio fuel. The most recognized verification labels are Energy star, EU Energy label, LEED and Miljobyggnad. In case of Mongolia, the optimal energy consumption is calculated by using simulation software. According to the currently followed construction heat preservation norm - BNbD 23-02-09, the heating energy classification is determined by energy spent to heat 1 sq.m of the building for one year. Passport evaluation and calculation of construction energy is conducted by the Construction Energy Saving Center in accordance with internal norms and regulations.
2	**Water saving:** Criteria for - Lower use of water and - Creation of a water saving environment evaluated by a score system.	International water-saving labels consider the use of grey-water technology in material production as well as creation of low-water consumption environment and use of low-water consumption technology. For example, a leading water saving label – WaterSense verifies that the regular water usage is decreased by 20 times. Other important labels such as LEED, BREEAM and LBC label are granted for optimal water consumption. In the case of Mongolia, there is no standard to calculate the savings in water consumption. Therefore, factories are following MNS 3821:85 standard on pure water and security.
3	**Material and resource management:** Evaluations are made using scores and indicators for - Recycle of construction materials - Use of fast renewable material - Recycle - Construction waste management	There are two main indicators for Ecolabelling in material and natural resource uses: - optimal use of non-renewable natural resource and - use of recycled materials. The main verifications are European Eco label, The Nordic Swan, LEED, BREEAM, LBC label: National Green Building label. Only in European Union, there are 80 standards for using ash in construction material. In Mongolia, there are only two standards: - “MNS974:2008 standard for use of ash in concrete” and – “2015 Technical requirements and experiment methods for use of ash from thermal power plants to produce construction material”.
4	**Internal environment quality**	The determination of construction material quality takes into account low greenhouse gas emission, heat preservation,

	- Materials with low greenhouse gas emission - Indoor chemical and pollutant source control - Heat transfer resistance - Noise insulation - Fire and earthquake resistance - Material longevity	noise insulation and longevity of materials. The main verification labels are the European Ecolabel, LEED, BREEAM and LBC label: National Green Building label. In Mongolia, there are no standards for calculation of these indicators.

Source: Promoting sustainable construction in the EU, Green labels, Certification Systems and Green Procurement, Dr. Ogenis Brilhante and Julia M.Skinner MSc, 2015

Table 18. The sustainability criteria and means of verification

Environmental attributes	Sustainability criteria	2016	2017	2018	2019	2020
Environmental sustainability						
Reduction of water consumption	Implement a grey-water system					
	Use of water-efficient building material (Wet fly ash or slag...)					
Efficient energy use	Use of energy-efficient technologies					
	Use of renewable energy					
Recycling of waste materials	Recycling and reuse of building materials					
Construction waste management and waste treatment technology	Implementation of waste treatment technology					
Use of recycled materials	Utilization of fly ash from thermal power plants					
Use of renewable natural resources	If natural resources such as gravel and sand are used, rehabilitation must be completed in the area or other equivalent field					
Indoor chemical and pollutant source control	Radionuclide concentration ≤370 Bq/kg					
Social sustainability						
Implementation of corporate social responsibility	The number of corporate social responsibility initiatives in last 2 years					
Implementation of occupational safety and health policy reducing work-related illness and injuries	The number of workplace injuries					
Supporting consumers' livelihood	Implement ISO 9001					

Economic sustainability						
Increase employment	Raw materials based on local source					
Support local economy - pay taxes and fees	Paid all taxes and fees					
Reduce building material-handling costs	Use of job simplification technique					

Note:

 Blue arrow shows the criteria that can be currently used in SPP; **Red arrow** shows the criteria that require a certain time to use in SPP.

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APPENDEX 1.

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Article 54	Submitting complaints to the procuring entity, resolution of complaints
Article 55	Complaints regarding the procuring entity's decision
Article 56	Filing a Complaint to the Court
Article 57	Remedies
Article 58	The law entering into force

Source: State Great Khural of Mongolia, (2015) Public Procurement Law of Mongolia
Assessed: www.legalinfo.mn

APPENDIX 2

SUPPLIER SUSTAINABILITY QUESTIONNAIRE

Company Name: ……..

Date: ……..

The Supplier Sustainability Questionnaire must be completed and returned with your Bid/Proposal. This questionnaire is applicable to firms that provide goods and services

Environmental policy and practice

1. Does your company have an environmental policy statement committing it to a programme of environmental improvement? YES/NO (If yes, please provide a copy.)
1a.Does the policy statement extend to all the products and services supplied?
YES/NO (If yes, please indicate how. If no, please indicate which products and/or services are included.)

2. In your company, who has overall responsibility for environmental performance of the organisation? (Please name and give job title.)
2a. Is there a Director or member of the board accountable?
YES/NO

3. Has your company undertaken a review of its environmental impact?
YES/NO (If yes, please detail the top five environmental impacts of your company.)

4. Does your company have an environmental management system?
YES/NO (If yes, please provide details, plus any evidence of accreditation.)

5. Does your company communicate environmental objectives to employees, suppliers and other interested parties?
YES/NO (If yes, please provide details.)

6. Does your company set environmental performance targets and objectives against which performance is audited?
YES/NO (If yes, please give examples that directly relate to the five environmental impacts identified in question 3.)

7. Does your company formally report on progress toward meeting these objectives?
YES/NO (If yes, please indicate how and to whom, and provide examples: if possible provide your Annual Environmental Report.)

8. Has your company been successfully prosecuted for infringement of environmental legislation in the past three years?
YES/NO (If yes, please give details of prosecution.)

Social/ Ethical policy and practice

9. Do you have overseas operations?
YES/NO
No overseas operations
If yes: .....

10. How do you comply with the local legal minimum age for employment?

11. Do you have a policy for managing your overseas operations.
YES / NO

If yes, what does it cover?

Working conditions
.....
Age of employees
.....
Pay
.....
Trade Union membership for staff
.....
Equality of employment opportunities
..
Use of natural resources
.....
Emissions and waste
.....
Other
.....
No policy
.....

12. Do you purchase goods or materials from overseas?
YES / NO
.....
No purchasing from overseas
.....
13.How do you ensure that your suppliers comply with the local legal minimum age for employment?
14. Do you have a policy for overseas sourcing.
YES / NOIf yes, what does it cover?

Working conditions
.....
Age of employees
.....
Pay
.....
Trade Union membership for staff
.....
Equality of employment opportunities
.
Use of natural resources
.....
Emissions and waste
.....
Other
.....
No policy
.....
15. How do you assess the effectiveness of your policy for overseas sourcing?

Don't assess
.....
Internal assessment
.....
Comply with SA8000
.....
Other independent assessment
.....

Additional questions about the challenges of using the current Mongolian SPP criteria

For suppliers	Yes	No	Comments/explain your answer
Have you made a decision not to take part in a tendering process due to the use of any of the current criteria?	☐	☐	
Do you think SMEs can comply with the current criteria set?	☐	☐	
Do you have any additional comments about the criteria and their application?			

Source: New Zealand Business Council. 2009. Sustainable procurement In government.

APPENDEX 3

Procurement report

Financial source:

№	The type, quantity, capacity, and package of goods, works and services procured for that year	Approved budget (million MNT)	Right to be transferred	Contract amount (million)	Contractor's name and contract number	Procedures for Procurement	The time period for the procurement process					According to the green criteria	Explanation and clarification
							Date of establishment of the Evaluation Committee	Date of invitation to electronic system	Date of Invitation for Bids published in newspapers	Date of award of contract	The completion and completion of the contract		
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**

Reviewed: Budget governor

Source: Resolution of the Minister of Finance. No 264, 2012. Appendix 2. Procedure for planning and reporting on public procurement

APPENDIX 4.

Procedure for planning and reporting on public procurement (Resolution of the Minister of Finance dated 2012, No 264)

Four. Monitoring and evaluating the procurement process

4.1. The following criteria and Form 3 shall be used for the monitoring and evaluation of the Procurement Procurement:

- The status of procurement planning;
- The status of procurement reporting;
- The timely implementation of the procurement process;
- Whether the tender was valid during the validity of the evaluation;
- use of electronic procurement system;
- Complaints on the bidding process;
- Monitor the procurement of its subsidiaries and promptly correct the incidents;
- Monitoring of contract implementation.

4.2. Implementation of procurement will be valued at the scope of the appendix set forth in Appendix 2 and sum up the total score of each general budget governor.

1.2[1] If the procuring entity conducts procurement based on the principle of "green procurement", it shall be included in the procurement report and attached the evidence.

1.2[2] Organizing procurement in line with the Green Development Policy is an advantage in monitoring and evaluation.

4.3 The score for the implementation of the procurement process is very good (90-100%), Good (80-89%), Satisfactory (60-79%), Inadequate (40-59%) Bad (0 -39%).

1.3[1] Additionally, the value of 1.22 in the scores stated in the Guidelines 1.3 will be added plus the sum of 100%.

4.4 The consolidated budget execution report shall include the procurement of Portfolio Ministers together with scores and assessment notes.

4.5 The Ministry of Finance shall include the reports on the procurement reports of the Portfolio Ministers in the national consolidated procurement reports and, if required, to be imposed in accordance with Article 57 of the law.

4.6 The Procurement Policy Department of the Ministry of Finance shall make a conclusion on the procurement report of each procuring entity, and provide the professional and methodological advice and methodology necessary to organize the procurement of the next year.

4.7 The score for the implementation of the procurement process is very good (90-100%), Good (80-89%), Satisfactory (60-79%), Inadequate (40-59%) Bad (0 -39%). Attachment ...

Appendex to the Procedure for planning and reporting on public procurement
(Resolution of the Minister of Finance dated 2012, No 264)

Evaluation Methodology for Public Procurement

№	General criteria	Sub indicators	Score appropriate	Evaluation		Point
				Very good Good Sufficient Not enough Bad	(90-100%) (80-89%) (60-79%) (40-59%) (0-39%)	
0	1	2	3	4	5	(3x5)/100
1	Procurement planning (15 points)	The draft Procurement Plans have been submitted on a timely basis	5 points			
		The plan was approved in accordance with article 48.4 of the law and was submitted to the Ministry of Finance in due time	5 points			
		Procurement Plan is publicly announced in accordance with Article 48.5	5 points			
2	Procurement report (15 points)	Procurement reports are timely	5 points			
		Procurement under General Agreement	5 points			
		The information specified in Forms 2 and 3 is covered in accordance with Section 3.4	5 points			
3	Effective timely implementation of procurement (20 points)	All activities included in the Procurement Plan are fully implemented on time	5 points			
		Whether the Bid evaluation was valid during the validity period	5 points			
		Procurement is subject to relevant procedures	10 points			
4	Use of the electronic procurement system (20 points)	Electronic bidding announcement	10 points			
		The RFP is placed on the www.tender.gov.mn system	5 points			
		The results of the tender are published in the www.tender.gov.mn	5 points			

		system				
5	Status of complaints resolved (10 points)	Is the complainant's solution resolved?	10 points			
6	Monitor the purchase of its affiliates and promptly correct the breaches (10 points)	Guidelines and methodologies for effective implementation of Procurement	5 points			
		Monitored implementation of procurement and corrected the shortcomings	5 points			
7	Review of contract implementation (10 points)	Monitoring of the client's performance on a timely basis	10 points			
100 points		Total score				

Source: Resolution of the Minister of Finance. No 264, 2012.
Appendix 2. Procedure for planning and reporting on public procurement