

PROJECT SUMMARY

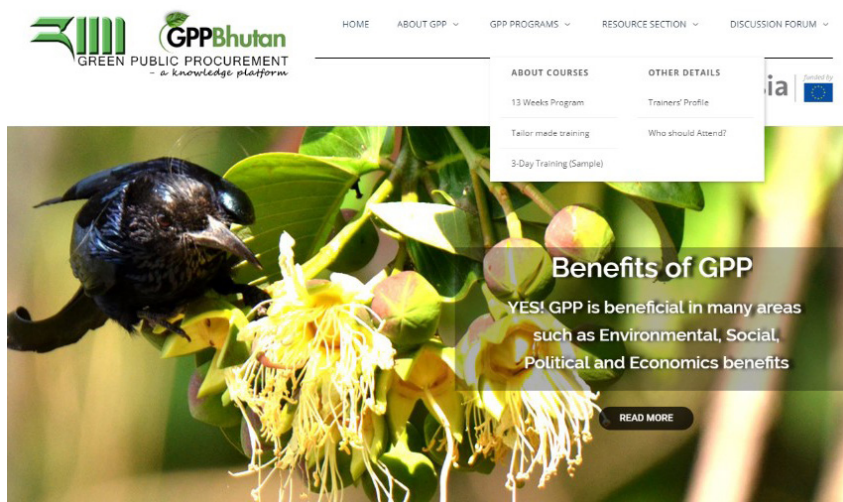
How Green Public Procurement Became a Crucial Pillar for Bhutan's Sustainable Development Strategy

Liesbeth Casier
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The government of Bhutan has embraced the value of green public procurement (GPP) and is setting an example for other countries of how to leverage the power of the public purse to advance sustainable development. IISD led the GPP in Bhutan (GPPB) project and is proud to have contributed to this transformation.

Bhutan was an ideal testing ground for a major GPP project. Environmental conservation is one of the four pillars of Bhutan's Gross National Happiness principles and the government places high importance on sustainable and green initiatives. The potential impact on the economy is also significant: public procurement represents approximately 21 per cent of GDP and 60–70 per cent of the government's annual budget.

Over the course of 3.5 years, IISD and its partners helped the government to engage civil servants and local business and to integrate GPP into procurement practices. Nearly 100 civil servants and 57 representatives from Bhutan's higher educational institutions received training on GPP. Future civil servants will receive training as part of their regular coursework at the Royal Institute of Management (RIM), which now hosts a [GPP knowledge platform](#). Some 188 local suppliers attended a series of awareness-raising sessions that gave them the opportunity to showcase their sustainable products to government purchasers. The broader public was also engaged due to significant media interest throughout the project.



 GPP Bhutan Knowledge Platform video can be viewed [here](#).



“The Ministry of Finance recognizes that GPP enables the public sector to obtain the best value-for-money and procure low-carbon, environmentally-friendly goods, works and services,”

“GPP Bhutan project has gathered valuable knowledge and experience in pursuing sustainability through green public procurement. The Ministry of Finance looks forward to continuing the journey to achieve Green Public Procurement.”

—Finance Secretary Nim Dorji wrote in the introduction to the project’s *Checklist for Implementing Green Public Procurement in Bhutan*

The Approach for Implementing a GPP Country Project

Public procurement is a powerful tool that can help drive markets towards more sustainable production patterns. Governments buy large quantities of products ranging from office supplies to vehicles and buildings, and manage large infrastructure projects such as roads and bridges. Making strategic purchasing decisions can save the government money while helping to achieve broader policy goals such as environmental stewardship and job growth. These purchases also provide a powerful incentive to existing suppliers to develop more sustainable products and can support the development of new businesses.



 GPP project launch video can be viewed [here](#).

The GPP Bhutan project developed and implemented a strategic approach to scale up public demand for environmentally and socially preferred goods, services and public works in Bhutan.

The first step of the GPP Bhutan project was to conduct the research necessary to start making public agencies, parliamentarians, policy-makers and suppliers aware of the potential of GPP. The next step was to provide policy support for facilitating the introduction of GPP at all government levels in Bhutan. The third step was to develop a range of materials and training to help public procurers to buy “green” (see below). We then selected pilot projects with the City of Thimphu and the Ministry of Works and Human Settlements and provided technical assistance on the financial viability of infrastructure projects and on the tender documents. These recommendations were taken into account and subsequently incorporated in the tendering requirements. A key example of our success came in 2015 when the Ministry of Finance officially endorsed the GPP [recommendations](#) and when parliamentarians set up a working group to encourage GPP implementation in Bhutan.



The Success of GPP Implementation in Bhutan

The project succeeded because an active collaboration between international and local partners helped to engage government officials; the Cottage, Small and Medium-sized Industries (CSMIs); local non-governmental organizations; and the wider public. The work will not stop now that the project is over. These key stakeholders have taken ownership of the project and now have the knowledge necessary to achieve their objectives.

In-depth research on the magnitude of public spending, the capacity of the Bhutanese economy to produce green goods and services, the legal framework and how it is supportive of implementing GPP, the major areas of public spending, the status of CSMIs and their capacity to green their production patterns provided the necessary insights to tackle the initial hurdles.

This research resulted in a [series of publications](#) discussed during a public consultation in September 2015. The Ministry of Finance received and endorsed the [10 recommendations](#) that followed our research. The GPPB project also organized three [high-level seminars](#) for parliamentarians, senior policy makers and bureaucrats from the Ministry of Finance, Ministry of Works and Human Settlements, Gross National Happiness Commission, National Environment Commission, Ministry of Economic Affairs, the National Council, and the mayor of the City of Thimphu. Subsequently, a parliamentary working group was established to determine what laws and policies are needed to further support the implementation of GPP in Bhutan.

This has given us the much needed insights and also helped our Committee to discuss and debate on Public Procurement Policy and its process in the Parliament. The National Council has passed a seven points resolution and submitted it to the Royal Government for further action on the Public Procurement Policy and its Systems .”

Chairperson of the Good Governance Committee of the National Council of Bhutan Tempa Dorji, following the high-level seminars



Training of public procurers at the Royal Institute of Management



KEY MESSAGES OF THE RESEARCH

- The potential of GPP to create and shift markets towards sustainable products is significant: public procurement represents 21 per cent of the Bhutanese GDP ([GPPB, 2015](#)).
- The legal framework in Bhutan supports GPP: implementing GPP does not require a change of laws; it requires a change in mindset ([GPPB, 2015](#)).
- Capacity building of both public procurers as well as suppliers is necessary. Both sides need a better understanding of: (1) what a “green” tender looks like, (2) how public procurers can engage with the suppliers in a transparent manner to be better informed about the Bhutanese market, and (3) how to respond to sustainability requirements in public tenders.
- GPP is already happening in Bhutan; it is a matter of scaling up. For example, the City of Thimphu applied a life-cycle approach in their purchase of lighting for the roads. The city decided to buy LED lightbulbs because it resulted in energy and cost savings over the life cycle.

After achieving an accepted understanding of GPP and its potential for sustainable development in Bhutan, the project shifted to more practical implementation: from the “what and why” of GPP to the “how.”

The GPPB team developed [handbooks](#) that provide bespoke guidance for public procurers, green product criteria for frequent areas of public spending (e.g., air conditioners, apparel, paper) and criteria for green infrastructure (e.g., green roads, building and hydropower plants). The handbooks and criteria became base material for training public procurers at the RIM. Three pilot projects benefited from technical assistance on the projects and tendering procedures during the course of the project: two with the City of Thimphu, and one with the Department of Engineering Services of the Ministry of Works and Human Settlements. The GPPB team also provided inputs to a [review of the Bhutanese Standard Bidding Documents](#) in line with international best practice and the [new Procurement Framework of the World Bank](#). They were extensively discussed with the National Environment Commission in Bhutan. The GPPB project made positive contributions to the requested changes to the bidding documents that are currently under review by the Ministry of Finance.



Field visit to wood-based products industries during the Training of Public Procurers



Field visit to Green Road to understand how to recycle plastic into the bitumen mix for the Bhutanese roads.
Field visit during the Training of Procurers



Sensitization and awareness raising for the construction industry in Bhutan

The Future for GPP in Bhutan?

Ensuring that future public buyers are aware of GPP's value is crucial for long-term implementation. The GPPB team engaged with relevant educational institutions in Bhutan to [teach about GPP](#) and also developed dedicated course materials in order to equip GPP educators with the latest knowledge on GPP in Bhutan and internationally. The project also institutionalized a curriculum on GPP at the RIM (for public servants) and ensured in-house knowledge within the Bhutan Chamber of Commerce and Industries for the GPP message to be part of their daily work with the private sector in Bhutan.

The May 23, 2017 launch of the [knowledge platform](#) at the end of the project made GPP part of the course curriculum for public servants. It also includes a discussion forum for dialogue on GPP for public procurers, government officials, the private sector, civil society and the Bhutanese citizens.

Both the public and private sectors in Bhutan are now well equipped to further implement GPP and to use public procurement as a strategic tool for delivering on the Sustainable Development Goals. Indeed, as sustainable public procurement is also a target under Goal 12 on Sustainable Consumption and Production, Bhutan now has a national and international framework of reference to fully realize the potential of GPP.

GPP Bhutan was a cooperative project between IISD, the Collaborating Centre on Sustainable Consumption and Production (CSCP) in Germany, the Royal Society for the Protection of Nature (RSPN) in Bhutan, the RIM in Bhutan and the Bhutan Chamber of Commerce and Industries. The project was financed and supported by the [EU SWITCH-Asia program](#) in Bhutan.

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Head Office

111 Lombard Avenue, Suite 325
Winnipeg, Manitoba
Canada R3B 0T4

Tel: +1 (204) 958-7700

Website: www.iisd.org

Twitter: @IISD_news

Geneva Office

International Environment House 2
9 chemin de Balexert, 1219 Châtelaine
Geneva, Switzerland

Tel: +41 22 917-8683

Website: www.iisd.org

Twitter: @IISD_news

