

Program and Budget Committee

Thirty-Fifth Session
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ASSESSMENT REPORT ON THE ISSUE OF SUSTAINABILITY IN PROCUREMENT (IN THE CONTEXT OF REGULATION 3.8 OF THE FINANCIAL REGULATIONS AND RULES (FRR))

prepared by the Secretariat

Background

1. Following the discussions on agenda item 14, Revision of the Financial Regulations and Rules (FRR) (document WO/PBC/34/12) at the 34th session of the Program and Budget Committee (PBC) in 2022, the PBC decided:

“(iv) that sustainability within Regulation 3.8 be discussed after the Director General presents a comprehensive report on this issue at the 35th PBC session.”

2. The FRR, the revisions to which were approved at the WIPO Assemblies in 2022, entered into force on January 1, 2023. Regulation 3.8 related to the general procurement principles and procurement process stipulates:

“(a) “Procurement” shall include all actions necessary for the acquisition of property, (including goods and real property), and services, (including works), whether by purchase, lease or other appropriate means.

(b) In addition to the Guiding Principles in Chapter 1, Section II of these Financial Regulations and Rules, the following general principles shall be given due consideration for procurement activities:

- (i) Best value for money.
- (ii) Effective and broad competition for the award of contracts.
- (iii) Fairness, integrity and transparency of the procurement process.
- (iv) The best interest of the Organization.
- (v) Prudent procurement practices and sustainability.”

3. WIPO’s Procurement Manual describes sustainable procurement as incorporating social, environmental and economic factors along with financial considerations when acquiring goods, services and works. It allows WIPO to move beyond traditional economic requirements to include considerations of environmental or social risks and benefits, as well as life-cycle costs. Thus, WIPO may not only use its market power to contribute to the good of society as a whole, but broadening its requirements to include sustainability may result in an enhanced benefit to the Organization itself.

4. The definition of sustainability within procurement in the Procurement Manual encompasses:

- i. environmental sustainability, including the use of natural resources, energy consumption, water scarcity, carbon emissions, waste reduction and management, climate change and biodiversity over the whole product cycle;
- ii. social sustainability, such as recognition of equality, diversity and respect for human rights, addressing the needs of more vulnerable members of society, accessibility, observation of core labor standards and ensuring fair working conditions, increasing employment and skills and developing local communities and their physical infrastructure; and
- iii. economic sustainability, for example entire life cycle costs, acquisition, maintenance, operations and end-of-life management costs (including waste disposal) in line with good financial management, as well as wider support for economic development.

CONTEXT

5. As early as 2009, the HLCM Procurement Network called on UN organizations to commit to progressively making sustainable procurement their standard practice, in full respect of the right of access to the UN market for suppliers from developing countries and countries with economies in transition. It was intended that sustainable procurement would be implemented in accordance with the UN Financial Regulations and Rules and the fundamental UN procurement principles, particularly those on best value for money and interest of the United Nations. The [Procurement Network](#) has embedded the procurement sustainability approach across UN entities through the establishment of a dedicated working group.

6. In 2018, the Joint Inspection Unit in its report *Review of mainstreaming environmental sustainability across organizations of the United Nations system (JIU/REP/2020/8)* recommended that the executive heads of the United Nations systems organizations should task procurement offices with incorporating specific provisions for integrating environmental sustainability considerations into procurement policies, procedures, manuals and guidelines. WIPO has committed to implement this recommendation.¹

¹ The JIU in the same report directed executive heads of United Nations system organizations to develop an organization-wide policy for environmental sustainability in the areas of internal management functions. WIPO’s High-level policy on environmental responsibility (Office Instruction no. 7/2022) was issued in December 2022, providing an organizational framework under which sustainable procurement operates.

WIPO'S ACTIONS IN MAINSTREAMING SUSTAINABLE PROCUREMENT

7. While 95 per cent of WIPO's procurement is for services and works rather than for goods, we consider that it is our responsibility to promote the incorporation of sustainability considerations in procurement actions where they may be relevant. In this regard, WIPO has engaged in the following:

(a) Incorporating sustainable requirements in specifications for goods and services, where relevant

8. Sustainability has been important in establishing the specifications for certain goods and services. For example, tenders for electricity have required 100 per cent green electricity, while tenders for cleaning and catering services have included environmental requirements in their technical specifications. All waste disposal in these contracts is to be done in compliance with the Host Country regulatory framework and/or the industry norms on recycling. Tenders for contracts such as office furniture and some IT equipment have taken a whole life-cycle cost approach in considering methods of disposal at the time of purchase. Further, tenders for construction works oblige contractors to ensure health and safety measures for their staff, and the award of contracts for which a significant workforce would be required are conditional upon evidence that staff obligations are met.

(b) Making the procurement process accessible

9. For its formal tenders, and some of its informal tenders, WIPO uses a web-based e-tendering platform, Jaggaer, which potential suppliers access through the United Nations Global Marketplace. The e-tendering platform has been accessible to print-disabled users since WIPO commenced using it in April 2021. The accessibility of the platform was verified and confirmed by a print-disabled user in February 2023 upon request by WIPO.

10. As of February 1, 2023, WIPO has ensured that all solicitation documents uploaded into the above-mentioned e-tendering platform are accessible. The same applies to its standard contracts and General Conditions of Contract.

(c) Using WIPO's procurement position to encourage the market to address sustainability in the manufacture and supply of goods and services - a phased approach

11. In order to embrace sustainability at all levels in the supply of services, WIPO considers that, as a specialized agency of the United Nations and a member of the United Nations Sustainable Development Group, it has a role to play in developing the market(s) from which it purchases. To this end, in April 2021, WIPO commenced the first phase of establishing the importance of sustainability with potential suppliers by asking each bidder to inform WIPO of their sustainability policy or policies. To date, the bidders' responses have been used for information only without impact upon the selection of the bidder. This has helped WIPO understand how widespread sustainability policies are among our potential suppliers, and has demonstrated to the market the importance of sustainability to the Organization. Additionally, it has helped WIPO gain expertise on sustainability criteria to include in future tenders.

12. As a second phase, demonstrating WIPO's increasing maturity in dealing with sustainability in procurement, as of early 2022, WIPO has included sustainability as an evaluation criterion in all relevant tenders, assigning different importance to this requirement depending upon the nature of the tender. Examples of criteria or evaluated factors are details of policies demonstrating sustainable business practices, including environmental (e.g., carbon footprint reduction, green energy, recycling etc.) and/or social impacts (e.g., equality, disability, labor law etc.).

13. For procurement activities related to the Development Agenda, in order to facilitate the participation of local companies in tenders for the purchase of local services, bidders' sustainability policies are requested for information only and are not used as an evaluation criterion or a mandatory requirement. Eighty-five per cent of the procurement volume in these development activities is spent locally, injecting money into the local economy.

14. Where relevant, annual vendor performance reviews may reflect sustainable behavior over the year. For example, Key Performance Indicators in WIPO's contract for catering services include the use of pre-approved environmentally friendly cleaning products and waster sorting and recycling in accordance with ISO 14001 standards.

(d) Reporting

15. From 2023, WIPO will tag all of its tenders qualifying as sustainable tenders in the United Nations Global Marketplace, in accordance with the recommendation of the HLCM Procurement Network. This information will then be published annually in the United Nations' Annual Statistical Report.

(e) Collaborative efforts internally

16. WIPO's efforts to implement sustainable procurement include efforts to reduce WIPO's carbon footprint through decommissioning of energy-heavy equipment, such as desktop computers and telephones, reducing reliance on printing of documents, decrease in travel in favor of virtual meetings and training, as well as the increased use of consultants working remotely, rather than requiring them to relocate to Geneva.

AREAS TO BE FURTHER DEVELOPED

17. An area to be further explored relates to the incorporation of entire life cycle cost (including environmental footprint) as part of the procurement process. New evaluation criteria and contract management tools appropriate to specific services or goods that encourage and value sustainability within the relevant market will also be explored.

18. Further areas where the nature of the goods or services lend themselves to incorporating sustainability considerations in the specifications will also continue to be identified.

19. In addition, WIPO commits to exploring the use of the Sustainability Procurement Portfolio Model, developed by UNDP and UNEP to identify priority areas for further developing sustainability criteria, based upon analysis of categories of procurement spend.

20. *The Program and Budget Committee (PBC) took note of the "Assessment Report on the issue of sustainability in procurement (in the context of Regulation 3.8 of the Financial Regulations and Rules (FRR))" (document WO/PBC/35/6).*

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