Social sustainability in public procurement

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Sostenibilità in Sanità: Acquisti pubblici, Energia e Mobilità nel Sistema Sanitario Italiano e in Europa
Sustainability in healthcare sector: Public Procurement, Energy and Mobility in the Italian health system and beyond

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Introduction - Lombardy Region in NUMBERS

The most populated Region in Italy (~10 millions of inhabitants)

The real GDP is the 20.9% of the Italian GDP

The highest number of municipalities (1,546)

The third Italian Region for geographical extension (~23,000 km²)

The regional GDP is 126.1 vs Italian value of 100
The Procurement System in Lombardy

Lombardia Region (only headquarter) → 320 mln €/year

Health sector: 50 authorities → 2.600 mln € /year

Regional sector: 70 authorities → 64 mln € /year

Local Entities: 1600 authorities → 1.500 mln € /year

Total amount: over 4.500 mln € (only goods and services)
ARCA l.t.d.– The Central Procurement Company of Lombardy Region

Central Procurement Body

- Optimizing the public procurement expenditure
- Supports procurement management for goods and services
- Awards public contracts or signs framework agreements

E-Procurement promoter

- Improving purchasing performance
- Implementation and promotion of E-Procurement solutions for the management of procurement processes online

Procurement consultancy

- Providing specialist consultancy to the authorities in the set up of their tenders, both traditional and telematics
- Supporting adoption of e-Procurement tools

«SUA»
Centralized Contracting authority

- Complete-tender management for Public Entities

> 1500 Public Entities involved
The Central procurement Process

ARCA

Public Needs
Market Analysis
Tendering procedure
Framework Contracts
Monitoring

Attention to the sustainability of products/services

Green Public Procurement - GPP
Green Public Procurement. Introduction in the tendering documentation of criteria incentivating green products and services

CSR – Corporate Social Responsibility
ARCA is introducing into the framework contracts tools and criteria aimed at monitoring the transparency of suppliers in respecting the law of workers/children eccc into the whole supply chain.
SUSTAINABILITY IN PROCUREMENT - Definition

- Environment sustainability
- Economic sustainability
- Social sustainability
Sustainable supply chain according to Carter & Roger
Total reserve price ~ € 3,9 bln

From June 2007, 77 tendering procedures, including 2851 lots

Saving generated on the historical prices ~17%
**ECONOMIC PERFORMANCE 2/2**

- **Savings on Publication costs**
  - For every public entity around 10K€ each

- **Process economies**
  - ✔ Reduction of total number of tendering procedures
  - ✔ More productivity of employees
  - ✔ Centralization of remedies

- **Quality of products**
  - ✔ High standards on quality of products and services
  - ✔ Monitoring of SLA and of products delivered
Environmental Performance

- Paper for Printers
- Electricity
- Stationery
- Copying Machines
- Call Center services
- Travel Agency
- IT equipment
- Vending machines food & beverage
- Non-woven textiles for surgery rooms
- Policy uniforms
Environmental Performance

The ecological label used as a proof of ecological performance in the tendering procedures

Equivalent certification are allowed (ex art. 68 Dlgs n. 163/2006)
Environmental Performance

The case study of Paper for printers

Paper with a weight 75gr/mq - with the same performance of 80 gr / sqm, producing benefits in terms of environmental sustainability:

Each sheet is lighter, the weight of a ream A4 is reduced by 6.5%

Timber consumption: - 18%

Water consumption: -14%

Energy consumption: - 23%

Wastes: - 6%
Environmental Performance

- Stimulating the demand side to procuring the product
  - Suppliers are obliged to offer the new product
  - Suppliers are obliged to sell it with a minimum reduction of 2%
  - Economical points in case of higher discounts
Environmental Performance

Attention to the supply chain and to the delivery of the product

Green Pallet

Green Vehicles

Technical points to suppliers able to offer this eco-service. Monitoring activity during the execution of the contract.
Social Performance

Sustainable Public Procurement is a key area in the work to promote Sustainable Consumption and Production (SCP).

**Globalization:** Exponential growth of the cross border movement of commodities and goods

**Complexity of supply chains:** Input of commodities, components and products from a variety of countries

Source: UNEP: “sustainability of supply chains and sustainable public procurement”, June 2014
Social Performance

DIFFERENT SOCIAL AND ECONOMIC REGULATORY FRAMEWORKS

Need for **TRANSPARENCY** in the supply chains.

**COMPLEXITY:**
no eco Labels Available

**LEGAL FRAMEWORK:**
ISO sa 8000 can be applied only as an entry barrier

**UNFAIR COMPETITION**
Delocalization vs SMES DUMPING

**COSTS:** Lack of monitoring mechanisms
Social Performance

WHAT WE DID: SCR IN THE TENDERING PROCEDURES

1. The inclusion of **clauses in procurement contracts regarding compliance** with minimum social standards in the conditions of **contract execution**

2. The supplier signs a **"Declaration of compliance with minimum social standards"**

3. During the contractual execution the supplier fill-in a **questionnaire in order to check the compliance to minimum social standards**.

4. Any request for **clarification and meetings by the customers**, based on the information filled in the questionnaire;

IN THE NEAR FUTURE....

5. **Monitoring activity along the supply chain**, to check compliance with the terms of the contract.
Social Performance

- Drugs
- Incontinents pads
- Vaccines
- Electricity
- Stationery
- Paper
- Vending machines
- Vending machines
- Mail box services
- Organization of events
- Non-woven textiles for surgery rooms

Reserve price: 1,25 millions €
1857 lots
115 winning contractors
The first PCP in Lombardy Region >> Object and characteristics

ARCA, together with Lombardy Region and Niguarda Hospital and with the support of The European House – Ambrosetti published the first PCP in Lombardy Region the 8th of March 2013

**TENDER OBJECT**

R&D in health technological domain
REALIZATION OF AN UNIVERSAL «BED MOVER»
TO BE USED BY HOSPITAL STAFF

**Phase 1**
Feasibility study
Every supplier can participate in this phase.

**Phase 2**
Technical project*
Suppliers who presented the 4 best feasibility studies can participate.

**Phase 3**
Prototyping and testing
Suppliers who presented the 2 best technical projects can proceed to prototype their innovations.

* Currently ARCA is evaluating the technical project presented.
The first PCP in Lombardy Region >> Towards Sustainable procurement

ARCA, in the overall process referred to sustainable purchases, introduced both social and green criteria in the PCP procedure.

Social criteria

Request, along the supply chain, of Social Standards, internationally recognized, in line with Human Rights and Work Conditions through the introduction of contractual clauses and statements, the monitoring and check of compliance with social criteria.

Green criteria

Introduction of Reduction of environmental impacts as a Green criteria defined as: “Methods adopted to ensure the Environmental Sustainability of the Innovation solution proposed along all product life-cycle”

Essential in order to fight against social dumping and unfair competition within and beyond EU’s borders

Essential in order to develop innovative functionalities of products
Grazie per l’attenzione.

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