



Poverty Aware Procurement: Guidance for changing the procurement process



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1 Introduction

1.1 Background & project context

Over the past ten years, the EAUC has managed and delivered a number of sustainable procurement related projects to support further and higher education (FHE). These have sought to raise awareness and stimulate action in the sector to reduce the environmental and social impacts of purchasing activities. While this work has been successful, colleges, universities and purchasing consortia are still developing their work in this area and in general terms have focused more on environmental than social considerations. Bringing the consideration of poverty into procurement decisions is still in its infancy and in many cases has not progressed beyond a few institutions making fair trade commitments.

The EAUC project Promoting Poverty Aware Procurement on Campus funded by UK Aid from the Department for International Development, aims to raise awareness of the issues of poverty amongst university and college procurement professionals and to produce guidance on Poverty-Aware Procurement within the further and higher education sectors. Alongside this awareness raising, the project will provide practical tools to support changes in procurement practices within the further and higher education sector.

1.1.1 Strategic objectives

The following project objectives were identified by EAUC:

- ◇ To develop greater understanding of the links between poverty and procurement amongst procurement professionals and associated bodies in further and higher education.
- ◇ To increase awareness amongst the wider further and higher education sectors as a whole, and within collaborative procurement organisations, of the links between poverty and procurement, of the new procurement processes required and of the means of introducing changes.
- ◇ To provide a review of existing procurement practices and identification of new processes that will enable institutions to introduce changes in their procurement.
- ◇ To develop guidance on procurement processes that will enable poverty implications to be considered when procurement decisions are being made.

This document is the third of a suite of project outputs:

- ◇ **Poverty-aware procurement guidelines report** – outlining the main issues for procurement related to key commodity/service areas, the guidelines are primarily content-related and are also aimed at awareness raising. The report draws upon a series of 14 commodity *Information Sheets* and provides another way of rapidly accessing summary information from all the sheets across the relevant issues and responses.
- ◇ **Poverty-aware procurement Information Sheets** – a series of fourteen two-page documents for key commodity/service areas chosen to cover the main areas of procurement relevant to poverty issues where some sort of constructive response can be made through procurement practice. Each sheet introduces the commodity or service area, highlights the main relevant poverty issues, and provides examples. Information is also provided on responses to the issues that can be used as indicators of good practice, sources of further information and summary recommendations for procurement professionals. The sheets are included in the *guidelines* report and will also be made available as downloadable PDF files from EAUC's web site.
- ◇ **Poverty-aware procurement guidance report** – (this report) a more detailed report focusing upon a generic approach to procurement with relevance to the range of approaches undertaken in the FHE sector, together with guidance on how the principles of poverty-aware procurement can be integrated into procurement activities. This document also provides a digest of key poverty related issues arising from common FHE procurement activities identified in the other outputs of this project for consideration in the context of specific procurement arrangements. It also presents an adapted version of the UK

Procurement Task Force's Flexible Framework adapted specifically to support the adoption of poverty aware procurement practice within the development of procurement processes in the FHE sector.

- ◇ **Communication materials** – A suite of resources including podcasts, video clips and reference materials to support awareness raising and communication.

1.2 Who is this document for?

Poverty is a major global issue - particularly in the developing world. In 2005 the World Bank estimated that about 1.4 billion people in the developing world (one in four) were living on less than \$1.25 a day, and this poverty is often seen as a remote issue that we can exert little influence upon. However, the procurement budget of the further and higher education sectors is substantial and offers the potential to mitigate poverty-related issues, both directly and through influencing the policies and behaviour of suppliers and other organisations.

This report, alongside the other project outputs, aims to develop a much greater understanding amongst procurement professionals and others in both the FHE sector and associated procurement organisations of the links between poverty and procurement. This will help enable them to develop new or altered procurement processes that take account of poverty implications when procurement decisions are made.

This is particularly important for the sector because universities and colleges:

1. have a pivotal role in the development and dissemination of understanding poverty through their research and teaching activities and should therefore demonstrate best practice;
2. are large consumers and through more informed procurement have the potential to help reduce poverty;
3. are the places where the leaders of government, business and education, with future senior responsibilities in this and other countries, will be educated and trained.

1.3 How to use this document

Raising awareness of poverty as an issue for procurement still requires a great deal of work. With limited time and resources, procurement professionals and devolved purchasers often do not have the time to research poverty considerations and in addition may not always have the confidence to address the relevant issues in the procurement process.

We suggest that this document can be used in a number of ways to help address these issues, including:

- ◇ Circulating the document to devolved purchasers within institutions.
- ◇ As a source of information and guidance for the review of existing procurement guidelines within your institution.
- ◇ To train staff on poverty within your institution using the materials in this document and the exercise sheet at the back of the document.
- ◇ As a resource to engage with suppliers on poverty issues in procurement.

2 Procurement and poverty

2.1 What is poverty-aware procurement?

2.1.1 Poverty

Although the World Bank has defined poverty in monetary terms, it also provides the following description:

“Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom”.

(World Bank - <http://go.worldbank.org/RQBDCTUXW0>)

The activities of companies and international trade can have a major impact upon the social conditions, status and opportunities of people around the world. Recent years have seen an increasing focus upon the potential influence and hence responsibility that end users of goods and services (and those that procure them) have towards providers throughout the supply chain. In response to this attention, a wide range of initiatives, labels and new products have been developed which seek to guarantee best practice and provide solutions to some poverty issues.

2.1.2 Poverty and procurement

Procurement by the UK further and higher education section has been estimated at £8 billion annually – offering potentially very significant leverage to influence the suppliers of goods and services to address poverty-related issues. The actions resulting from institutional procurement can have an impact in poverty across the globe, by changing what is purchased and by seeking to influence standards and practices within the supply chain for goods and services.

Poverty is a major moral and humanitarian issue, but one that is often seen as remote and difficult to change. Changing procurement behaviour can have an important impact, by providing an economic stimulus and through leading by example. Poverty-aware procurement is a specific area of focus within the wider context of sustainable procurement. It concentrates upon activities that have the capacity to either alleviate or reduce poverty impacts upon people around the world.

Poverty is caused by a lack ownership or access to key resources, and can be described as a lack of (or access to) human, social, natural, physical and financial capital. These are all inextricably linked to the broader environmental sustainability agenda. Poverty can therefore be considered as a specific focus within the social aspects of sustainability and as such, the responses to it must be placed within the wider responses to sustainability. Best practice in sustainable procurement should, by definition include poverty-related components and responses. However, because social issues are complex and difficult to tackle, this area has tended to receive less attention and consequently less action than others within the broader sustainability agenda.

Theoretically it could be argued that there may be potential for conflict between poverty and pure sustainability goals, for example where adhering to sustainable procurement principles may be encouraging you to buy less while poverty-aware procurement may be encouraging you to buy as much or more but in a different way. In another example, some development is specifically encouraged as a pathway out of poverty. However, in the long-term, the objectives for both processes coincide because what is ultimately sustainable will help alleviate poverty and the cycle of poverty can only be broken when environmental degradation is halted.

Sustainable procurement is already recognised and practiced to different extents by UK universities colleges and purchasing consortia. We therefore propose that poverty-awareness is integrated into sustainable procurement by focusing on its specific requirements and ensuring that it is one of the criteria considered throughout the process. This is important given the inter-relationships between poverty issues and those of sustainability – as outlined above.

Dealing with poverty issues in pure procurement terms should be relatively straightforward - if poverty considerations are included at the specification stage and criteria for tendering and award processes are also aligned to these priorities, there is little difference between a poverty-aware

procurement process and any other. However, the difficulties lie mainly in disentangling the relevant issues, in assessing their impacts and in seeking points and mechanisms through which to exert positive influence.

2.2 What is sustainable procurement?

In 2006, the UK Government produced “Procuring the Future”, a report providing a route map for the development of sustainable procurement practice in public sector procurement activity. This presented the following definition of sustainable procurement:

“Sustainable Procurement is a process whereby organisations 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 organisation, but also to society and the economy, whilst minimising damage to the environment.”

In addition, the EAUC in 2006 defined sustainable procurement as follows:

“If sustainable development can be defined as **“development which meets the needs of the present without compromising the ability of future generations to meet their own need”** (Gro Harlem Brundtland), then sustainable procurement can be defined as the engine which delivers it.”

Pressure is increasing on purchasing professionals to integrate this thinking into university and college supply chain processes. Integrating sustainable development into the supply chain often mean identifying and reducing problematic social, environmental and health and safety issues.

Typically this means questioning:

- ◆ **what you buy**
- ◆ **how you buy it; and**
- ◆ **who you buy it from**

Put simply, an organisation’s procurement activities are one of the key ways that it interacts with the wider world. This can have a range of positive and negative environmental and social impacts. Positive management focus upon reducing the negative and enhancing the positive impacts of procurement can represent an opportunity for universities and colleges to increase the sustainability of their activities.

3 Implementing Poverty Aware Procurement

3.1 Introduction

Here, we present an overview of where opportunities exist in the procurement process to take account of poverty-related issues. This work builds on many of the excellent documents that focus upon sustainable procurement and specifically upon social issues. A list of key sources can be found in Appendix 3.

This document does not assume that all FHE institutions have a uniform approach to procurement. Some institutions will have formal processes and procurement functions, while some may take a more informal approach and purchase through a wide number of devolved purchasers. However, regardless of the specific approaches taken, procurement decisions will involve some or all of the fundamental steps outlined here.

As suggested earlier, poverty-aware procurement requires the integration of poverty-relevant criteria into existing or planned processes. Because of the complexity of issues and their inter-dependence with wider social/sustainability issues they should not be treated separately but as part of a response on many fronts.

3.2 Where do I start?

When developing an approach to sustainable procurement, including poverty aware procurement, it is important to undertake a range of preparatory activities/processes. For many years procurement professionals have encountered barriers to implementing sustainability within their institutions. Many who have been successful have suggested that the activities below have been crucial in allowing them to move the agenda forward.

3.2.1 Leadership support

The commitment of senior managers and leaders within your organisation to sustainability is important if you are to take forward sustainable procurement and poverty aware procurement. Often people feel that the commitment is not transparent or vocal enough. If you do not feel that you have adequate support this is an important area to focus upon first.

3.2.2 Linking to existing initiatives

This is a technique that many institutions have found useful. When looking at sustainable procurement and poverty aware procurement, research into existing sector or regional initiatives may uncover activities which could be useful to link to or to learn from. This could be articulated in a commitment to achieving fair trade status or the inclusion in an overall sustainability policy of a statement supporting the 'Universal Declaration of Human Rights'.

3.2.3 The student dimension

Student environmental activism has grown in recent years through membership of organisations such as *Student Force* and *People and Planet*. In addition, there is also a high level of commitment to social, human rights and poverty related issues. Committed student groups can also help FHE institutions initiate dialogue on poverty and other environmental issues and also provide a vocal and passionate element to the embedding of poverty issues into procurement and other institutional functions.

Poverty Aware Procurement Statements

Here are some suggestions for statements that could be added to a sustainable development or procurement strategy to highlight poverty considerations.

"At **insert name of institution** we are committed to implementing sustainable development through our use and management of resources, our educational activities and our engagement with the local community through all of our activities. This includes supporting the alleviation of poverty in our supply chains through our procurement activities."

"Or, we support the idea that:

FHE has an important role to play in leveraging its procurement spend to support poverty alleviation activities in the developing world and at home. This commitment to alleviating poverty will contribute significantly to the social elements of our sustainable development policy and practice.

We will work with organisations who are committed to poverty alleviation and upholding 'The Universal Declaration of Human Rights'".

Sustainable Procurement – sample policy statement

Including poverty considerations taken from the poverty aware flexible framework in Appendix 2

Context

At **insert name of institution**, to achieve our commitment to sustainable development, we recognise that we should take a positive lead, through our use and management of resources, our educational activities and our engagement with the local community through all of our activities.

Sustainable Procurement Approach

In accordance with our commitment to the responsible development and management of our activities, we will strive to incorporate environmental and social considerations into our product and service selection process. We understand that it is our responsibility to encourage our suppliers and contractors to minimise negative environmental and social effects associated with the products and services they provide and to promote positive actions and behaviour.

We are committed to the alignment of our procurement activities and performance with the UK Government sponsored Sustainable Procurement Task Force’s “Flexible Framework” contained in the document “Procuring the Future”(see: www.defra.gov.uk/sustainable/government/publications/procurement-action-plan/)

Our Commitments

The areas of focus for our sustainable procurement activities and our specific commitments are as follows:

People, Education and Awareness

- Educate and train our staff responsible for the specification, procurement and delivery of goods and services in our approach to sustainable procurement.
- Include poverty-awareness in key staff training, employee induction and refresher training.
- Communicate our sustainable procurement policy and approach to our suppliers and other relevant stakeholders.

Strategy and Procedure

- Utilise a risk based approach to identify those areas of procurement activity giving rise to the most significant environmental and social implications.
- Focus our activities on those goods and services representing both the highest environmental and social risks and the greatest opportunities for us to achieve positive change.
- Review and enhance the sustainable procurement strategy, in particular recognising a wider range of poverty considerations.
- Investigate and promote opportunities for the efficient use of natural resources, increased recycling and the use of local suppliers and labour.

Procurement Process

- Promote best practice for sustainable procurement.
- Assess detailed poverty risks for high impact contracts.
- Ensure that, as far as legally practicable, supplier’s environmental and social practice is considered in supplier evaluation and selection processes.

Engaging Suppliers

- Educate our suppliers regarding our sustainable procurement policy and activities.
- Encourage suppliers to identify and offer solutions with reduced environmental and social impact.
- Key suppliers targeted for intensive development on poverty related procurement.
- Work with key suppliers to ensure that best practice in sustainable procurement is extended through the supply chain.

Measurements and Results

- Comply with all relevant environmental, health & safety, diversity, disability and employment legislation.
- Use measures for poverty-related procurement to contribute to the organisational sustainable development strategy direction.
- Align our activities to the UK Government’s - Sustainable Procurement Task Force and the National Action Plan i.e. to:
 - Reach level 3 of the National Action Plan Flexible Framework by the end of 2011
 - Reach Level 5 of the National Action Plan Flexible Framework by 2013.

Management and responsibility

Overall management of our sustainable procurement policy and approach in the UK is the responsibility of **insert name of senior manager here**.

INSERT SIGNATURE

This Policy is reviewed on an annual basis for relevance and applicability and updated as required.

3.2.4 Policies and strategy

It cannot be emphasised enough that the inclusion of a statement committing the institution to considering poverty issues in procurement practice is key to moving this agenda forward. Such a policy need not be specifically limited to a poverty focus. A statement of intent in an existing sustainable procurement policy or sustainability strategy is a good starting point (see sample policy in box out above).

3.2.5 The use of champions

Establishing a network of champions to promote sustainability and sustainable procurement has always been a useful tool for achieving progress. A champion needs a commitment to promoting and communicating a particular agenda. The 'How to use this document' section of this report includes some suggestions on how materials produced by this project can be used.

3.2.6 Awareness raising and capacity building

Many people understand that poverty is a global issue, however not many recognise or understand the relationship between procurement choices and poverty. Raising awareness and building the capacity of staff involved in procurement decisions is essential. Materials produced by this project have been designed to assist with these activities. In particular, the Information Sheets will help stimulate discussion.

For a more structured approach, a simple 2-hour introductory training session has been developed, including objectives and an agenda for running the session, which can be found in Appendix 1.

3.3 The Procurement Process

3.3.1 Issues and challenges

This section uses a generic process to illustrate common stages in procurement and provides guidance on the integration of poverty-aware procurement practice. A number of further issues for consideration when developing procurement practice are also identified.

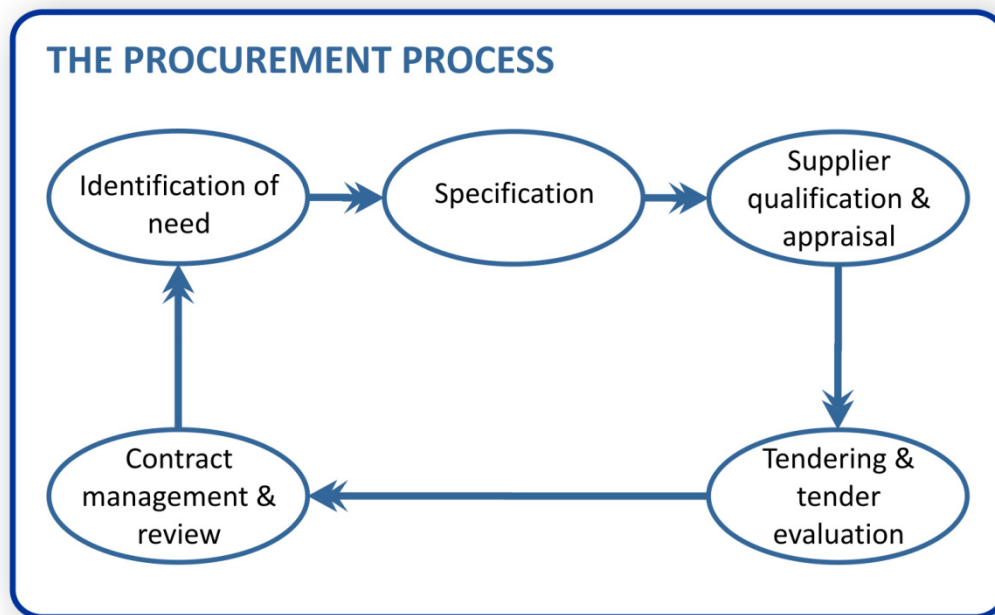
- ◇ **Supplier awareness of poverty as a discrete issue.** Poverty has generally been considered under the overall umbrella of sustainable procurement practice (itself a relatively new and developing concept). As a result, while suppliers may be aware of specific initiatives such as Fairtrade, they may not have sufficient knowledge and understanding to identify the poverty issues relating to goods and services they supply. In addition they may also be unused to servicing information requests from procurers on these issues. As with good practice in "green" and sustainable procurement, changing requirements from purchasing organisations should be communicated to potential suppliers as part of an awareness-raising and educative process.
- ◇ **Understanding poverty-relevant issues.** Poverty results from a complex set of issues and circumstances, and responses can also be varied. For example one approach is to try and avoid procurement from areas of bad practice whilst others encourage positive procurement as a route to help the developing world emerge from poverty. In addition, some initiatives and labels may be predominantly understood as purely environmental, whilst they also include a range of poverty considerations. A good example of this is the FSC (Forestry Stewardship Council) label for certified sustainable timber, which includes a range of requirements for labour rights and the rights of indigenous peoples.
- ◇ **The existence of clear standards and labels.** While poverty issues may be raised by wide range of procurement activities, there are currently few available standards and labels which help guarantee good practice. As a result, best practice for procurement in this area needs to encourage the use of labels where appropriate but also to identify wider initiatives, policies and approaches that indicate the sensitivity and understanding of suppliers with respect to poverty implications. The series of Information Sheets developed for this project supply specific procurement guidance and advice across fourteen commodity areas which are specifically designed to support procurement staff with this challenge.

3.3.2 A generic procurement process

The way in which FHE institutions organise their procurement activities varies from institution to institution. Some may have professional procurement staff conducting centralised procurement;

whilst some may conduct devolved procurement, where the responsibility for identifying procurement needs and sourcing the supply of goods and services is the responsibility of staff around the organisation who may conduct these activities as an aspect of wider roles. In addition, some institutions may procure goods and services through a relationship with a purchasing consortium, which provides procurement activities for a number of institutions.

While this variety of approaches has substantial differences, the essence of the procurement processes undertaken has some simple, common characteristics. These are illustrated in the generic process in the diagram below, and this process is used as the basis of the following sections to identify opportunities and provide guidance for the integration of poverty-aware practice.



3.3.3 Identification of need

Implementing poverty-aware procurement should be part of implementing a successful sustainable procurement policy and strategy. Advice on implementing sustainable procurement has been available for many years and when it comes to being more sustainable and poverty-aware, the oldest advice is still true: *'Don't buy what you don't need'*.

Poverty-specific criteria

It can be argued that by choosing not to buy goods we are not alleviating poverty. However, in the broader sustainability agenda we must always question consumption patterns. For example, the reuse of existing equipment is always preferable to either disposing of it to landfill or having it shipped abroad for dismantling.

In addition, the development of commercial activity in many parts of the world can give rise either to increased or reduced poverty impacts, depending upon the way it is organised, the involvement and buy-in of staff and local people, and who receives the benefit of any profit.

Where purchasing choices are made, they should always seek to address poverty issues. Refer to the 'Commodity/issue matrix' in Appendix 3 to identify the major issues linked to fourteen key goods/commodities and the related Information Sheets produced for this project that provide further information. Use these as a first-line of research to identify possible poverty implications related to the goods or services you are seeking to procure.

3.3.4 Specification

A specification is a specific, concise description of the need for goods or services. The specification clarifies the terms of the procurement and is therefore of benefit to both the purchasing organisation and potential suppliers. The specification will form a key part of any contract with the supplier and will also be used by the supplier to base their pricing upon.

The Improvement and Development Agency (IDeA) publication “Procurement Essentials” identifies the following critical success factors for specifications:

- ◇ Do not over- or under-specify your requirements. The results will be expensive.
- ◇ Reflect your needs, not your wants.
- ◇ State your required outputs/outcomes but allow suppliers to suggest how to provide these.
- ◇ Time taken to produce the specification will be rewarded.
- ◇ Involve stakeholders in developing and signing-off the specification.
- ◇ Be alert to how the specification is allocating risks.

There are three main types of specification, as follows:

- ◇ Functional specification – this details the function or role of the required product or service.
- ◇ Performance specification – this details the required performance of the product or service.
- ◇ Technical specification – this details the specifics of how a product or service must be provided, rather than allowing the supplier to decide or to suggest best approaches.

Poverty-specific criteria

The consideration of poverty at the specification stage sends a clear message to suppliers that this is an important issue and that your organisation is interested in products and suppliers that are able to support this intent.

The specification should seek to influence through three levels:

- ⊗ Transparency/disclosure – identifying the issues relevant/material to the goods/services under consideration.
- ⊗ Information/evidence – specifying what information/evidence can the supplier provide to substantiate claims.
- ⊗ Responses - one approach for encouraging the consideration of poverty issues at this stage is to specify Fairtrade or equivalent standards. This will allow the use of criteria associated with Fairtrade but not breach any public procurement rules.

Use the ‘Commodity/issue matrix’ in Appendix 3 to help you identify the poverty related issues which arise from the procurement activity.

Use the commodity Information Sheets for specific advice for use within the specification process. For the commodity you are looking to buy, check if there are specific labels or practice which can be integrated into your specification. Examples of where labels exist to support poverty aware procurement are clothing, timber and fruit.

In general, use the materials generated by this project to help draft the specification and to manage procurement, and with suppliers as part of a collaborative approach to tackling issues.

3.3.5 Supplier qualification and appraisal

Supplier qualification refers to situations where institutions select suppliers based on a set of criteria and only those suppliers that meet the minimum criteria are eligible to be awarded a contract.

Note: This is a separate exercise to tendering and evaluation and as a result the two should not be confused.

Most institutions make potential suppliers complete a “Supplier appraisal” questionnaire. This allows prospective procurers to check, legal and financial credentials.

The Office of Government Commerce (OGC) has produced a range of guidance for public sector procurement, regarding supplier appraisal the OGC notes that:

“The objectives of this stage are:

- ◇ To establish whether any suppliers should be excluded from further consideration because they fail to meet criteria, and reject them.
- ◇ To create a manageable shortlist of realistic candidates who do meet the criteria and will therefore be asked to proceed to the next stage (tendering, entering into negotiations, etc).
- ◇ To identify any points that need to be clarified with selected suppliers through meetings, supplier visits and/or reference site visits at a later stage.”

The above text sourced from: www.ogc.gov.uk/documents/suppassessselect.pdf

In addition however, these questionnaires are becoming increasingly used to check the environmental and sustainability policy/performance credentials of potential suppliers.

Poverty-specific criteria

Any institution that wishes to address poverty as a serious issue in procurement should add questions at this stage which relate to poverty considerations. It is unlikely that all suppliers will have taken poverty into consideration. However, inclusion of such issues at the qualification and appraisal stage will send a powerful message from the public sector that this is an increasingly important issue.

Encourage suppliers to provide information on their awareness and responses to poverty and other social issues. Example questions can include:

- ⊗ *Does your organisation have a sustainability or corporate social responsibility (CSR) policy? (if so, please include a copy).*
- ⊗ *Does your organisation have a Fair Wages policy? (if so, please include a copy).*
- ⊗ *Do you supply any products which have Fairtrade or equivalent labels? (if so, please specify).*
- ⊗ *Please identify the specific social and in particular poverty associated impacts associated with the provision of this product or service.*

The commodity Information Sheets can also assist you in developing questions for suppliers. If you are procuring goods or services covered by these sheets, use the information in them together with the procurement guidance recommendations made here to support you to examine and question the approach and policies of potential suppliers.

3.3.6 Tendering and tender evaluation

Analysis and assessment of tenders received from potential suppliers provides an opportunity to evaluate the extent to which they are equipped to support institutional goals for poverty-aware procurement.

The tender evaluation process provides the following opportunities:

- ◇ To decide which suppliers are likely to offer the best balance of value for money and delivery against any stated goals or policies.
- ◇ To allow an objective decision to be made.
- ◇ To provide a clear, communicable and transparent decision making process.

Tenders are evaluated (either by panels or by procurement professionals) by scoring submissions against a set of evaluation criteria that are likely to include:

- ◇ Compliance with/ability to deliver against any pre-qualification or other quality and financial based supply requirements.
- ◇ Ability to deliver against the specification.
- ◇ Best price.
- ◇ Best value for money (a balance of price and quality – if poverty-awareness aspects are included within the specification, this would form an aspect of quality).

Information in the section above is drawn from and informed by information published by Stockton-on-Tees Borough Council: www.stockton.gov.uk/resources/business/bestpracgui/tendeval.doc

Poverty-specific criteria

At this stage of the process, the requirements of poverty-aware procurement do not differ greatly from those of “conventional” procurement. If poverty-awareness criteria are properly integrated then the tender evaluations stage will focus upon the ability or otherwise of prospective suppliers to meet the issued specification. This is reinforced by the IDeA Guidance document “Sustainability and Local Government Procurement” (p57) which notes:

“Generally, it will only be appropriate to consider environmental and social issues at the contract award stage if it has not been possible to manage them out at design/specification stage or to define requirements sufficiently well in the specifications or contract conditions” (p57). The document can be downloaded from: www.idea.gov.uk/idk/aio/69800.

As noted above, the focus of this stage of the procurement process is to assess and ensure that potential suppliers can adequately supply the goods and services required to the appropriate specification, therefore poverty- related issues should not feature explicitly.

However, your institution should have a clear policy on any potential price variations related to the specification of poverty aware goods and services. This policy might be that: “poverty aware goods and services must be supplied at an equal cost to non-poverty aware equivalent” or that “poverty aware goods and services will be bought if their price is no more than 10% above that of non poverty-aware equivalents”.

3.3.7 Contract management and review

Procurement is an ongoing process, with contracts on different renewal terms and cycles. If a sustainable procurement policy is already in place this should be an established discussion point in contract management and review activities. In addition, in order to ensure that a systematic approach is taken to poverty-aware procurement, any policy commitments, approaches and initiatives of relevance to poverty issues in the supply chain should also be disclosed clearly at this stage.

Poverty-specific criteria

At this stage poverty issues should be managed as any others through contract management and review – as they are addressed in earlier stages.

However, ensuring that key and relevant suppliers understand the policy and intent of your institution on poverty aware procurement will play a fundamental role in securing their support and innovation in meeting your goals.

Use the Information Sheets developed by this project to communicate your priorities to suppliers. If a supplier provides you with one or more of the commodities covered by these sheets or has any of these commodities in its own supply chain then their existing approach to the issues would be a valuable starting point for discussion.

3.3.8 Monitoring and reporting

One of the biggest challenges facing institutions in the development of sustainable procurement practice is the measurement of process implementation and performance assessment.

In 2005, a UK Government sponsored Sustainable Procurement Task Force was established with the specific remit to set the goal for the UK to be a leader, within the EU, in sustainable procurement by 2009. The UK recognised this as being proactive in the field of sustainable procurement but more work needed to be done. The Task Force produced a key document 'Procuring the Future' which is seen by many as the UK's sustainable procurement national action plan. Published in 2006, the document set out the actions required for the public sector to take a lead on sustainable procurement. One of the main strengths of the document is its inclusion of a simple but effective tool called the 'Flexible Framework'. The Framework allows an institution to assess where it is on the journey to sustainable procurement and identifies actions and potential milestones to help planning for improvement. The Flexible Framework can be downloaded from:
www.eauc.org.uk/file_uploads/flexible_framework.pdf

To support the implementation of poverty-aware procurement, this project has used the approach taken by the Task Force and adapted the 'Flexible Framework' tool within the context of poverty-aware procurement. This approach is not intended to replace the official 'Flexible Framework' but is intended to provide additional support, guidance and progress assessment on the specific issues of poverty in procurement.

Poverty-specific criteria

Poverty is not the only social issue that should be considered as part of a responsible sustainable procurement strategy. However, highlighting it will help support specific action to develop awareness of poverty issues in the procurement process as well as develop an approach that could be used to support a range of other social issues. More information on such issues can be found in the associated *Guidelines for Poverty-Aware Procurement* report.

3.3.9 How to use the adapted Poverty Flexible Framework

The adapted framework can be used in a number of ways:

- ◇ To assess your current performance on poverty-aware procurement against the actions and milestones identified.
- ◇ To support the development of an action plan for integrating poverty-aware procurement into existing processes and procedures.
- ◇ To review existing sustainable procurement action plans.
- ◇ To share with procurement colleagues as a discussion document.

4 Key issues

The following presents a brief list of key issues related to poverty in the context of procurement processes:

- ◇ Worldwide poverty is a massive issue, but constructive steps can be taken to help alleviate and mitigate its impacts. Poverty is a moral issue and is not necessarily susceptible to technical solutions, but is nevertheless an issue upon which we must take action.
- ◇ The causes of poverty and its solutions are complex, often unclear, contested and often highly charged politically. It must therefore be approached with honesty and transparency, and at times we must recognise and deal with uncertainty.
- ◇ Social issues are still poorly covered in sustainable procurement processes and as a result poverty is often neglected further.
- ◇ Poverty should be addressed alongside other health & safety, environmental, human rights and employment conditions issues. They are inter-related and it makes little sense to address them in isolation.
- ◇ While it makes sense to highlight poverty as a specific issue for a limited period, it should be fully integrated in the *normal* procurement process over time.

5 References

IDeA (2003). Sustainability and Local Government Procurement. Improvement and Development Agency. www.idea.gov.uk/idk/aio/69800

Procuring the Future Flexible Framework, can be downloaded from:
www.eauc.org.uk/file_uploads/flexible_framework.pdf

Appendix 1 – Agenda - Poverty Awareness Session

This appendix provides suggestions on the approach and coverage of a session which could be run within FHE institutions to support staff in understanding and responding to poverty-awareness issues arising from procurement activities. We would suggest that this session last no more than 2.5 hours. For more information contact the EAUC.

Objectives

The session should seek to cover the following:

- Raise awareness of the Poverty Aware Procurement Project.
- Raise awareness of poverty as a sustainability consideration for procurement professionals.
- Consider the role of procurers and how procurement relates to poverty issues.
- Identify opportunities for the development of procurement processes to consider poverty related issues.
- Identify legal issues to consider in relation to EU procurement directives.

Workshop agenda

- 1. Introduction to the project**
 - Project Materials
 - Website with online resources
- 2. What do we mean by Poverty Aware Procurement?**
 - Discussion and slides
- 3. Poverty quiz**
 - Using the product and service grid – identify poverty related issues
 - Provide them with the detail and answers
- 4. Commodity focus**
 - Using the information sheets explore a commodity in more detail
 - Use the grids to discuss relevant commodities in more detail
- 5. Institutional change**
 - What will you do now to make a difference at your institution? – Comment and discussion
 - Introduction to the adapted flexible framework for poverty considerations
- 6. Summary and close**

Appendix 2 – Adapted Flexible Framework

Promoting Poverty Aware Procurement on Campus – the following table has been adapted from the UK Government’s Flexible Framework Guidance, see: www.eauc.org.uk/file_uploads/flexible_framework.pdf

	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
People	<ul style="list-style-type: none"> - Sustainable procurement champion is aware of poverty-aware procurement. - Key procurement staff have received basic training on poverty-aware procurement. - Materials from the poverty-aware procurement have been circulated to staff 	<ul style="list-style-type: none"> - All procurement staff have received basic training and communication on poverty-aware procurement. 	<ul style="list-style-type: none"> - Targeted refresher training on poverty and procurement related issues - Performance objectives and appraisal included on poverty-aware procurement. 	<ul style="list-style-type: none"> -Poverty-aware procurement is included as part of employee induction programme. 	<ul style="list-style-type: none"> - Achievements on poverty-aware procurement are publicised and used to attract procurement professionals. - Internal and external awards for achievements are received on poverty-aware procurement. - Good practice on poverty-aware procurement shared with other organisations.
Policy, Strategy & Communications	<ul style="list-style-type: none"> - Simple sustainable procurement policy in place endorsed by CEO, contains a reference to poverty-aware procurement. -Communicate commitment to poverty-aware procurement to staff and key suppliers. 	<ul style="list-style-type: none"> - Review and enhance sustainable procurement policy, on poverty-aware procurement. - Ensure poverty-aware procurement is part of a wider Sustainable Development strategy. - Communicate poverty-aware procurement approach to staff, suppliers and key stakeholders. 	<ul style="list-style-type: none"> - Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. - Strategy endorsed by CEO. 	<ul style="list-style-type: none"> - Review and enhance sustainable procurement strategy, in particular recognising a wider range of poverty considerations. 	<ul style="list-style-type: none"> - Strategy is reviewed regularly and updated with relevant poverty considerations. - Sustainable Procurement strategy recognised by political leaders and has poverty-aware procurement reflected in it.
Procurement Process	<ul style="list-style-type: none"> - Poverty-aware procurement is considered at each stage of the procurement process. 	<ul style="list-style-type: none"> - Key poverty related risks assessed and used for prioritisation. - Poverty is considered at an early stage in the procurement process on relevant contracts. 	<ul style="list-style-type: none"> - All contracts are assessed for general poverty related risks and management actions identified. 	<ul style="list-style-type: none"> - Detailed poverty risks assessed for high impact contracts. - Project /contract sustainability governance is in place. 	<ul style="list-style-type: none"> - Progress on poverty considerations is rewarded or penalised based on performance.
Engaging Suppliers	<ul style="list-style-type: none"> - Key suppliers (those with poverty related issues) are targeted for engagement. 	<ul style="list-style-type: none"> - General programme of supplier engagement initiated, with senior manager involvement promoting commitment to poverty-aware procurement. 	<ul style="list-style-type: none"> - Targeted supplier engagement programme in place promoting poverty-aware procurement. - Two-way communication between procurer and supplier on poverty related issues. 	<ul style="list-style-type: none"> - Key suppliers targeted for intensive development on poverty related procurement. -Achievements on poverty related procurement are formally recorded. 	<ul style="list-style-type: none"> - Suppliers recognised as essential to delivery of organisations’ poverty related procurement commitment. - Best practice shared with other/peer organisations.
Measurements & Results	<ul style="list-style-type: none"> - Key on poverty related procurement impacts of procurement activity have been identified. 	<ul style="list-style-type: none"> - Detailed appraisal of the poverty related impacts of the procurement activity has been undertaken. - Measures implemented to manage the identified high risk poverty related impact areas. 	<ul style="list-style-type: none"> - Poverty related measures refined from general departmental measures to include individual and devolved procurers. 	<ul style="list-style-type: none"> -Comparison is made with peer organisations on poverty related issues. - Benefit statements have been produced on poverty related procurement. 	<ul style="list-style-type: none"> - Measures on poverty related procurement used to contribute to organisational sustainable development strategy. - Progress formally benchmarked with peer organisations. - Benefits from poverty-aware procurement are clearly evidenced.

Appendix 3 – commodity/issue matrix

This table presents an overview of the major poverty-related issues relevant to key product and service areas. Use this to see a summary of the main issues associated with the key commodities chosen for this project. An information sheet has been produced for each commodity area – these are included in the separate Guidelines for Poverty Aware Procurement report and from EAUC’s web site.

Issue	Fruit	Veg.	Seafood	Beauty	Clothing	Beverages	Cleaning
Dams - can displace people, disrupt fishing and water supply and upset catchment ecology							
Military and arms - support or financing of military activities and materials							
Human rights - Denial or interference of basic internationally recognised legal and moral rights							
Indigenous peoples rights - human rights with specific emphasis on historic land rights and resource ownership	!						
Labour conditions - employment and labour conditions internationally – hours worked, fair contracts	!	!	!				
Labour conditions (UK) - employment and labour conditions internationally – hours worked, fair contracts							!
Palm oil - multiple-use commodity with specific social and environmental impacts				!			
Fair wages - financial compensation for work proportionate to effort, time worked, risk and local costs of living	!	!	!		!	!	!
Fairtrade - financial compensation for products proportionate to effort, risk and local costs of production and living	!	!			!	!	
Worker’s rights & H&S - ability to unionise, security of wages & employment. Work conditions, risks and impacts	!	!	!		!		!
Cotton production - multiple-use commodity with specific social and environmental impacts					!		
Manufacturing pollution - environmental pollution arising from manufacturing processes and activities					!		
Minerals sourcing - use of minerals in product groups							
Pressure on small holders - specific impacts on small-scale land managers/owners	!	!					
Community disruption – production activities that physically, socially or economically impact communities	!	!	!				
Migrant worker impacts - production or manufacturing activities that create or remove demand for migrant workers					!		
Use of security contractors - companies or organisations protecting or enforcing their interests through private means							
Bribery and corruption - the use of entrusted power for private gain							
Landlessness - people and communities physically or economically dispossessed			!				
Illegal operations - unsanctioned resource exploitation, whether of commodities or labour							
Habitat destruction - physical damage, removal or pollution of natural habitats		!	!				!
Marine pollution - pollution impacts - specifically in marine environment			!				
Child labour - in production and manufacture	!	!			!		

Issue	Electronics	Oil & Gas	Plastics	Steel	Paper	Timber	Banking
Dams - can displace people, disrupt fishing and water supply and upset catchment ecology							!
Military and arms - support or financing of military activities and materials							!
Human rights - Denial or interference of basic internationally recognised legal and moral rights		!					!
Indigenous peoples rights - human rights with specific emphasis on historic land rights and resource ownership		!		!	!	!	
Labour conditions - employment and labour conditions internationally – hours worked, fair contracts	!	!	!	!	!	!	!
Labour conditions (UK) - employment and labour conditions internationally – hours worked, fair contracts							!
Palm oil - multiple-use commodity with specific social and environmental impacts							
Fair wages - financial compensation for work proportionate to effort, time worked, risk and local costs of living	!					!	
Fairtrade - financial compensation for products proportionate to effort, risk and local costs of production and living							
Worker’s rights & H&S - ability to unionise, security of wages & employment. Work conditions, risks and impacts	!	!	!	!		!	
Cotton production - multiple-use commodity with specific social and environmental impacts							
Manufacturing pollution - environmental pollution arising from manufacturing processes and activities		!	!			!	
Minerals sourcing - use of minerals in product groups	!	!	!	!			
Pressure on small holders - specific impacts on small-scale land managers/owners		!					
Community disruption – production activities that physically, socially or economically impact communities		!					
Migrant worker impacts - production or manufacturing activities that create or remove demand for migrant workers		!					
Use of security contractors - companies or organisations protecting or enforcing their interests through private means		!					
Bribery and corruption - the use of entrusted power for private gain		!					
Landlessness - people and communities physically or economically dispossessed		!		!	!	!	
Illegal operations - unsanctioned resource exploitation, whether of commodities or labour					!	!	
Habitat destruction - physical damage, removal or pollution of natural habitats					!	!	
Marine pollution - pollution impacts - specifically in marine environment		!	!				
Child labour - in production and manufacture							

Appendix 4 – sources of further information

UK Government “National” procurement strategy

'Procuring the Future' - The Sustainable Procurement Task Force National Action Plan is available from:

www.defra.gov.uk/sustainable/government/publications/procurement-action-plan/

Procurement support and guidance

Improvement and Development Agency (IDeA) has a range of procurement resources at the following site:

www.idea.gov.uk/idk/core/page.do?pageId=1589595

Including the publication “Procurement Essentials”: www.idea.gov.uk/idk/aio/68704

The UK Office of Government Commerce has a range of online procurement guidance documents:

www.ogc.gov.uk/

EU procurement rules

The Office of Government Commerce provides the following information on EU procurement rules:

www.ogc.gov.uk/guidance_eu_procurement.asp

General sustainable procurement links

The Office of Government Commerce

The Office of Government Commerce (OGC) is an independent office of HM Treasury, established to help Government deliver best value from its spending. The OGC works with central Government departments and other public sector organisations to ensure the achievement of six key goals:

- Delivery of value for money from third party spend;
- Delivery of projects to time, quality and cost, realising benefits;
- Getting the best from the Government's £30bn estate;
- Improving the sustainability of the Government estate and operations, including reducing carbon emissions by 12.5% by 2010-11, through stronger performance management and guidance;
- Helping achieve delivery of further Government policy goals, including innovation, equality, and support for small and medium enterprises (SMEs);
- Driving forward the improvement of central Government capability in procurement, project and programme management, and estates management through the development of people skills, processes and tools.

www.ogc.gov.uk/Introduction_to_Procurement_sustainable_procurement.asp

Procuring the Future

In the UK's Sustainable Development Strategy 2005, the Government set the goal for the UK to be a leader, within the EU, in sustainable procurement by 2009. The UK has been recognised as being proactive in this field but more work still needs to be done. Procuring the Future – the UK's sustainable procurement national action plan – published in 2006, builds on this goal, with six key recommendations.

- (i) For the Government to **lead by example** in a coherent and cohesive manner.
- (ii) For the Government to **set clear priorities** by rationalising existing, and sometimes conflicting, policies.

- (iii) To **raise the bar** to raise the performance of buying and selling organisations and of the products and services procured, and to signal to the marketplace future requirements. Accordingly, this will mean working with suppliers to identify future needs that do not meet the minimum standards.
- (iv) For the public sector to **build capacity** to deliver sustainable procurement, measured and monitored through the Flexible Framework.
- (v) For the Government to **remove barriers**, whether these are actual or perceived, to sustainable procurement.
- (vi) To **capture opportunities** for encouraging innovation and social benefits, together with managing risk better through smarter market engagement.

The action plan reports on the background to the recommendations, as well as detailing actions to move the recommendations forward.

www.defra.gov.uk/sustainable/government/documents/full-document.pdf

This is a link to the action plan developed by the government in response to 'Procuring the Future'

www.eauc.org.uk/file_uploads/sustainableprocurementactionplan_1.pdf

Sustainable Procurement Centre of Excellence

The project intends to make demonstrable changes to the way HEIs embed sustainable procurement into their standard procedures, practices and policies. It will augment government efficiency objectives, positively impacting on the Higher Education's circa 8 billion per annum expenditure. This Sustainable Procurement Centre of Excellence has been established at the NEUPC, one of the four consortia that make up the English National Purchasing Consortium (ENPC). The centre will build capacity in sustainable procurement, develop capability in influencing supply chains, address process issues; develop measurement and monitoring tools and communicate a full understanding of CO₂ emissions, and other environmental impacts, in the specification, production, delivery, utilisation and disposal of goods and services, purchased by the HE Sector.

<http://spce.procureweb.ac.uk/>

Environmental Association of Universities and Colleges

The EAUC led a 3 year Defra Environmental Action Fund (EAF) project to provide support to universities and colleges wanting to integrate sustainability into their procurement practice.

The project began in 2005 and we are working with 17 universities and colleges who are taking on the challenge of implementing sustainable procurement within their institutions. To date more than 100 project partners staff have been linked into the three-year project. These include Directors of Finance and Estates as well as Procurement and Environmental Officers.

www.eauc.org.uk/sustainable_procurement1

Other regional government guidance

Scottish Government

Sustainable public procurement – introduction for purchasers:

www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/susdevsummarynote

The Scottish Sustainable Procurement Plan - The Scottish Government produced the Action Plan to assist the public sector to build sustainable procurement into their corporate culture, take proper account of sustainability in procurement activity and to be able to demonstrate how this is being achieved.

www.scotland.gov.uk/Topics/Government/Procurement/policy/corporate-responsibility/sspap

For Local Authority related information see:

www.sustainable-scotland.net/page.asp?pg=26

Welsh Assembly Government

Sustainable Procurement Assessment Framework (SPAF). Assessment Framework developed for Value Wales to help public sector organisations determine the extent to which they are currently considering sustainable procurement within their organisation:

www.buy4wales.co.uk/UsefulResources/sustainable/vwprog/SustainabilityProgrammeAssessmentTool.html?cat=11775

Value Wales – sustainable procurement & guidance:

www.buy4wales.co.uk/UsefulResources/sustainable.html

Northern Ireland

The Sustainable Development Strategy for Northern Ireland includes key procurement-related objective and targets. The strategy identifies a key objective “To make the Northern Ireland Public Sector a UK Regional leader in Sustainable Procurement”:

www.cpdni.gov.uk/index/sustainability/nisustainable_procurement-2.htm

The Department of Finance and Personnel provides information on the integration of environmental considerations into public procurement, including Fairtrade and timber products:

www.cpdni.gov.uk/index/sustainability/guidanceandusefullinks.htm