

Chartered Institute of Purchasing and Supply Management of Nigeria (CIPSMN)

Presents a Paper Titled:

**Strategies for engendering sustainable procurement practice in Nigeria (Examples of
Public and Private sector organizations)**

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***AT THE BATCH “B” MANDATORY PROFESSIONAL DEVELOPMENT PROGRAMME OF THE
INSTITUTE WITH THE THEME: EFFICIENT RESOURCE MANAGEMENT (ERM) IN NIGERIA:
THE STRATEGIC ROLE OF SUSTAINABLE PROCUREMENT, CONTRACT MANAGEMENT
AND PROCUREMENT AUDIT.***

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Strategies for engendering sustainable procurement practice in Nigeria (Examples of Public and Private sector organizations)



**A paper presented at the Mandatory
Professional Development Program in
Supply Chain Management organised by
the Chartered Institute of Purchasing and
Supply Management of Nigeria**

by;

Bello Alkali,

**First Vice President, Chartered
Institute of Purchasing and Supply
Management of Nigeria.**



INTRODUCTION

In the light of environmental degradation, climate change, resource depletion, and persistent global poverty, the supply management profession is increasingly being called upon to contribute to broader organisational goals of sustainable development through the inclusion of social and environmental criteria within public and private procurement processes (Oyewobi et al., 2017).



What is is public procurement?

Public procurement refers to “the acquisition of goods and services by government or public sector organizations” (Uyarra and Flanagan, 2010) and is one of the key economic activities of government (Thai, 2001)



Sustainable procurement

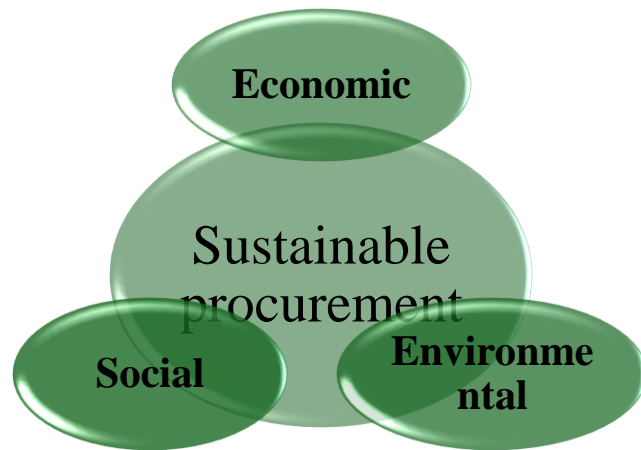
Sustainable public procurement (SP) refers to the act of integrating a concern for broader social and environmental impacts within procurement undertaken by government or public sector bodies (Preuss, 2009; Walker and Brammer, 2009)

Defra included the critical component of whole life cycle evaluation of public procurement decisions by describing sustainable procurement (SP) as the 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 the society and the environment (Adebayo, V. O. (2015).



THE TRIPLE BOTTOM LINE GOALS OF SUSTAINABLE PROCUREMENT.

J. Elkington articulated the concept of the “triple bottom line”, which explains that sustainability is the interrelationship of economic, environmental and social dimensions (Adebayo, V. O. (2015))



Economic

In this context means that the product or service was procured through effective procurement procedures that considered usage, maintenance, and disposal costs once the product had reached the end of its useful life

Environment

A service or product that is purchased has an effect on the environment throughout its life cycle. Examples could include the gathering of raw materials, the manufacturing process, use of the product, and finally disposal. The good or service you purchase must have fewer detrimental effects on the environment during its production, use, and disposal.

Social

Due to the social impacts of procurement activities, public procurement can be used to promote and advance social advancement in the nation where the organization operates. This can be accomplished by ensuring that employees of contractors hired by the organization have suitable working conditions, installing or constructing offices with access for the disabled, and fighting against child labour or forced labour.

(Brammer & Walker, 2011; Walker, 2015).





What does the data say on Nigerian Procurement system?

- In 2015, A survey which was conducted through questionnaire in the public sector procurement departments shows that only 16.67% of the respondents indicated they have a sustainability policy while 83.3% indicated not to have one.
- 54.17% indicated that they have no experience in sustainable procurement while 59.57 of the survey participants stated that they have not undergone any training on sustainable procurement.

(Adebayo, 2015)

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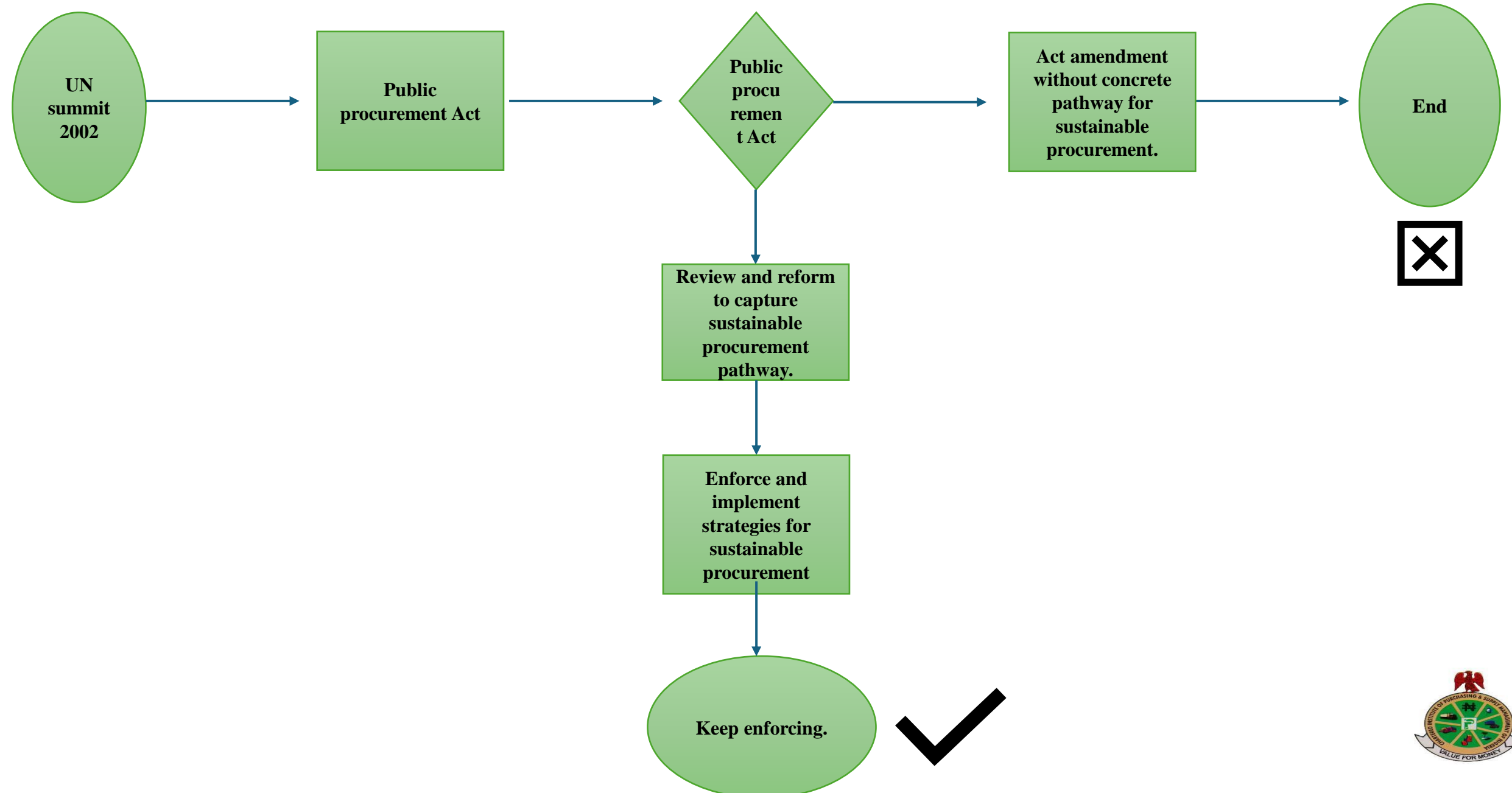
The review of the Public Procurement Act 2007, received inputs from different stakeholders. Adding that, the proposed amendment will take care of sustainable procurement, E-procurement and adequately take care of preferential procurement for Gender, Environmental and SMEs amongst many others.

Mamman Ahmadu FNIQS,
DG BPP – March 13, 2024

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A FLOW CHART OF PATHWAY TO SUSTAINABLE PROCUREMENT IN NIGERIA.



STRATEGIES FOR STIMULATING SUSTAINABLE PROCUREMENT PRACTICE IN NIGERIA

1. EMBEDDING SUSTAINABILITY INTO PUBLICPROCUREMENT

LAW

Hallstedt, Broman and Oldmark opined that in order to allow for a more strategic approach that will significantly promote innovative service solutions in support of sustainable procurement, policy and process changes are needed. The review to consider authorizing the Ministry of the Environment to set up “Purchasing Guidelines for Environmentally-friendly Products” and directs public agencies to prepare and announce purchasing strategy plans and initiatives and report on these annually. Bansal, P., & Roth, K. posited that public sector procurement policies may influence private sector demand for similar products; in a study of municipal policies in California, USA, they concluded that government procurement policies facilitate spill-over effects that stimulate, (a) private sector adoption and (b) supplier investment in green building expertise. To this end, government agencies to be required to purchase designated eco-friendly products from identified suppliers

(Oyewobi et al., 2017).



STRATEGIES CONT'D

2. SENSITIZATION AND ADVOCACY Regulations such as tender processes may hinder innovation in SP due to its rigidity. There is need to raising awareness on SP techniques that will enable policy makers and practitioners to take an incremental approach to change which can strongly support the development of public tenders. Sensitization and advocacy engagements must be carefully planned and executed

3. LEADERSHIP ROLE. Leadership is a significant stimulant of SP practice in organisations. If senior managers are supportive of sustainability and incorporate the implementation of concrete strategies and plans within which SP goals were articulated and enshrined, then the purchasing team will implement SP

4. LIFE CYCLE ANALYSIS. This enables governments to demonstrate that procurement decisions and activities need to move beyond the consideration of the purchase price of a good or service but examine the costs over the phases of the asset lifecycle. B. E. Tyssel (2017). Government to adopt policy statement that indicates when procurement decisions are made, purchases that yield the lowest possible lifecycle cost (LCC) must be procured

Even if the initial cost is higher (Oyewobi et al, 2017)



STRATEGIES CONT'D

5. CAPACITY BUILDING AND REGULAR TRAINING ON SP

PRACTICE IS A KEY FACTOR. Government must invest in local and oversea training of staff involved with SP to keep them up to date with global best practices. This type of training can be extended to private sector procurement planners and practitioners to facilitate an SP platform for suppliers and procurers to share and nurture ideas.

6. EFFECTIVE GOVERNMENTAL INCENTIVES TO SUPPORT AND

TO PROMOTE SP In both the public and private sectors for example, Government departments to give preference, as far as possible and where economically rational, to purchase products with improved recyclability, higher recycled content, greater energy efficiency and reduced use of toxic substances, amongst others. Other Incentives like subsidies, tax grants etc could be offered to private organisations that practice SP. For Government purchasers to consider and purchase sustainable products at a per centage (like 10%) higher prices than regular products with the same specifications is also an incentive

(Ho, Dickinson, & Chan, 2010)



E- Procurement and Supplier management platforms.



How E-Procurement visibility can help in sustainable sourcing.



(Gatekeeper, 2024)




STRATEGIES CONT'D

- **PREPARATION OF THE GOVERNMENT PROCUREMENT LIST ON ENERGY SAVING OR RECYCLABLE PRODUCTS.** The scope and application of the list to involve all levels and types of government agencies

Example of List of product items on such list;

- A. Paper and Paper Products; Photocopying recycled paper, File box, Paper envelope, Brown wrapping paper, Notepad, Paper file jacket, Toilet paper & paper towel.
- B. Vehicular Products; Rubber/ rethreaded tyre, Automotive fuel oil, Automotive lubricating oil/grease.
- C. Non-paper Office Product; Pen, Pencil, Correction fluid and thinner, Plastic file jacket, Plastic products, Rechargeable battery, Standard/alkaline dry battery, Office stationery, Ink/toner cartridge.
- D. Paint, Solvent-based/water-based paint.
- E. Cleaning Products; Laundry detergent / soap, All-purpose cleaners, Sanitary detergent, Soap toilet liquid.
- F. Plastic Products; PVC pipe and fitting, Flooring materials.





Strategic sustainable procurement policies that carried along private organizations. A case study of Hong Kong.

- The country introduced “A Policy Framework for the Management of Municipal Solid Waste”.
 - Government to develop and adopt a green purchasing policy (as one of the eleven green initiatives on the management of municipal waste), giving direction and guidance to governmental officials
 - purchase and use of environmentally preferable products and services which are produced, offered and usable in sustainable manners without unnecessary sacrifices on quality of life or the environment.
- ✓ To bring private sector into the initiative, some specific green measures were laid down;
1. Enhanced promotion and awareness raising of ‘green’ products.
 2. Provision of product-specific tax exemptions and/or subsidies as incentives
 3. Establishment of a ‘green products’ data base for public access

(Ho, Dickinson, & Chan, 2010)

A case study of how Sweden did it.

Sweden is recognized for its advanced sustainable procurement practices, integrating environmental and social factors into public procurement. Key aspects of Sweden's strategy includes;

- Comprehensive legal framework mandating consideration of sustainability criteria.
- Clear objectives such as carbon emissions reduction and fair labor practices, and investment in training for procurement professionals.
- Collaboration and knowledge sharing are facilitated through platforms like the Swedish Environmental Management Council, while measurement and reporting on environmental and social impacts are emphasized.
- Sweden promotes innovation in sustainable procurement through partnerships and incentives and engages suppliers to adopt sustainable practices through contract requirements and financial support.

(Johansson & Sundkvist, 2017).



Tesla; Sustainable procurement challenge associated with child labour in DR Congo.

- Congo is where 70% of world Cobalt is sourced. Cobalt is used by companies like Tesla to make Lithium batteries for EV's.



Challenge; Report of Human right violation within the supply chain.



Measures taken;



To make its cobalt mining more ethical, Tesla's report focused on a couple of critical factors. Foremost, the automaker has sent personnel to audit its suppliers, primarily in the DRC.



Requested assessments of safety standards from suppliers.



Explicitly included human rights allegations, community complaints or grievances in the management system for security incidents



Co-existence between industrial and artisanal mining operations, incl. land use activities.



Suppliers assigned specific staff accountable for human rights assessment



The American car maker worked with "local stakeholders and NGOs working on issues like health, safety, and child labour remediation" to help improve each of these risk factors.



(Tesla, 2021). *Impact report.*



TEASERS

PERCEIVED BARRIER AND ENABLER OF SP

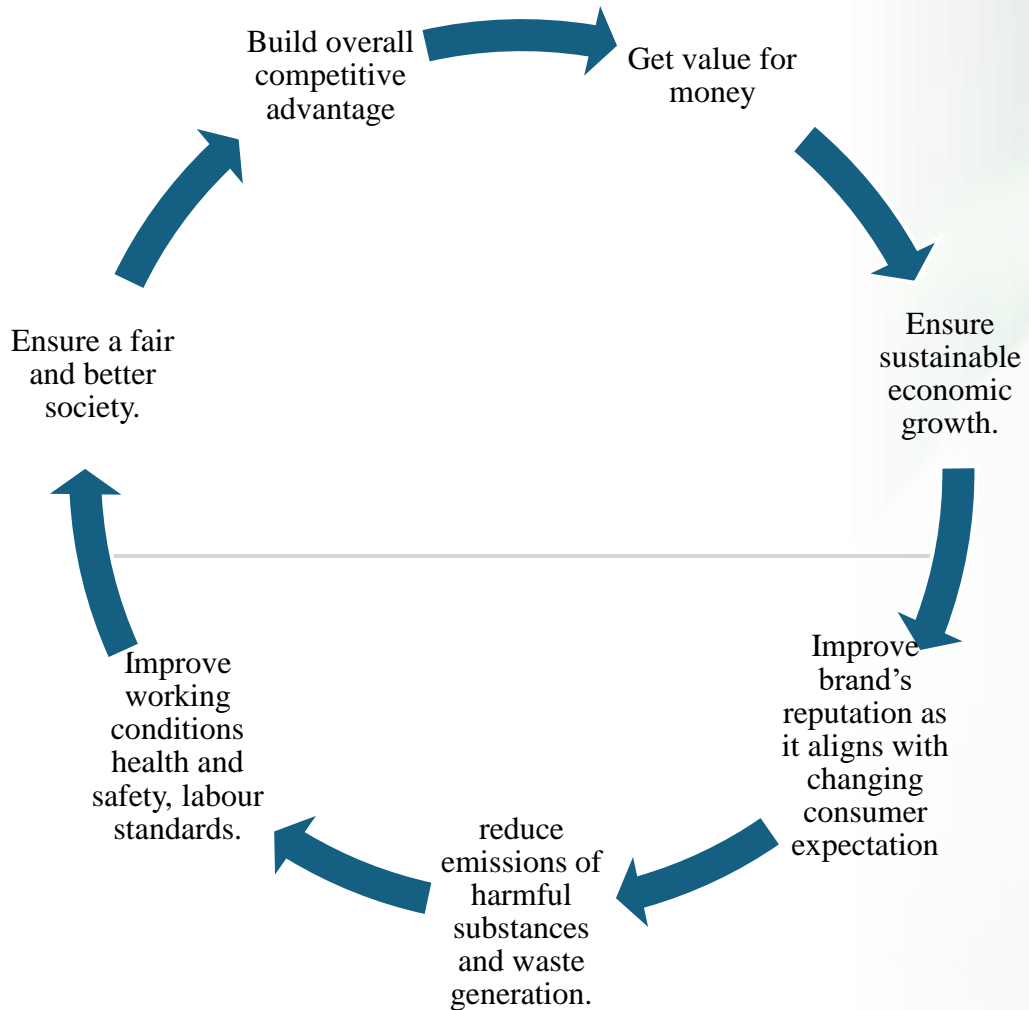
- SP products are considered more expensive than competitor products
- SP products are considered as low quality
 - Limited availability of SP products
- Difficulty in Identifying the Genuine SP Products

- Small Market Coverage
 - Few Varieties
 - Too Few Choices
 - Low Recognition

(Ho, Dickinson, & Chan, 2010).



BENEFITS OF SUSTAINABLE PROCUREMENT FOR PUBLIC AND PRIVATE ORGANISATIONS.



(Bansal & Roth, 2000;
Gatekeeper, 2024).





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