Overview of Draft Guidance:

Measuring and Communicating SPP Benefits

May 27, 2015
Background on Guidance

- Funded by UNEP’s SPP “2B” working group on SPP benefits, in collaboration with SPLC
  - IEc is the technical consultant
- Guidance informed by: literature review, interviews, review of available SPP benefits reporting, expert workshop
- Guidance designed within the structure of SPLC Guidance Version 1.0
- Currently piloting Guidance with CA DGS and KEITI Korea
Measurement work happens at each step
Key Definitions

Activities:
- Spend analysis
- Policy development
- Spec development
- RFP language development

Outputs/Embedment Indicators:
- Sustainability policy, guidance, or specifications in use
- RFPs have sustainability criteria built in
- Integration of SPP program into e-procurement, tracking systems

Intermediate Outcomes:
- # of contracts that meet sustainability policies

Longer-term Outcomes:
- More sustainable goods/services purchased leads to:
  - Internal Benefits: benefits enjoyed by the purchaser
    - Cost savings, revenue growth, risk reduction
  - External Benefits: public good/social welfare benefits
    - Environmental, social, economic
Potential Benefits of SPP

<table>
<thead>
<tr>
<th>Potential Benefits of SPP (Partial List)</th>
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<tbody>
<tr>
<td><strong>Environmental Benefits</strong></td>
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<tr>
<td>- Reduced greenhouse gas emissions</td>
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<td>- Reduced energy, water, and fuel consumption</td>
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<td>- Reduced waste generation</td>
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<td>- Improved air quality</td>
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<td>- Efficient use of materials</td>
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<td>- Reduced use of hazardous substances</td>
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<td>- Maintains biodiversity</td>
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<td><strong>Social Benefits</strong></td>
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<td>- Creates employment opportunities</td>
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<td>- Improves occupational health and safety</td>
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<td>- Improves social inclusiveness</td>
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<td>- Promotes economic opportunity for indigenous people</td>
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<td>- Promotes equal opportunity employment</td>
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<td>- Promotes fair and ethical trade</td>
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<td>- Supports small and medium enterprises</td>
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<td><strong>Economic Benefits</strong></td>
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<tr>
<td>- Reduces cost</td>
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<td>- Promotes innovation</td>
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<td>- Promotes regional economic development</td>
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<tr>
<td>- Develop markets for sustainable products and services</td>
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<td>- Grows revenue</td>
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<td>- Improves reputation</td>
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<td>- Reduces risk</td>
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Source: Baseline Review Report: Measuring and Communicating the Benefits of Sustainable Public Procurement

<table>
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<tr>
<th>Types of Potential Cost Savings and Relevance to the Public Sector</th>
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<tr>
<td>- Reduced initial cost</td>
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<td>- Reduced lifecycle costs</td>
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<td>- Reduced total cost of ownership</td>
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<td>- Reduced operating, maintenance, and replacement costs</td>
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<td>- Reduced energy, water, and fuel costs</td>
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<td>- Reduced waste disposal costs</td>
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<td>- Reduced over-specification</td>
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<td>- Reduced compliance costs</td>
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<td>- Reduced health and safety costs</td>
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<td>- Reduced legal and insurance costs</td>
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Why We Measure

- Only way to know if what you’re doing is working
- SPP outcomes be considered by forthcoming SPLC rating system
  - Rating system is in early stages of development
  - Measurement challenges are well-known to SPLC
  - Healthy debate likely on how to integrate measurement
    - How much “credit” is appropriate to assign to, for example:
      - Policy and specs
      - RFP criteria integrated
      - Actual sustainable purchases
      - Analyzed benefits of actual sustainable purchases
      - Different types of benefits (environmental vs. economic, internal vs. external)
Choose benefit categories your organization cares about:

- What benefits are relevant to your organization, mission, and stakeholders?
- Focus on environmental impacts, or focus on economic or social as well?
- Are there already SPP initiatives in place that inform future vision?
Logic Model: graphic showing how a program is supposed to work

Activities → Outputs → Outcomes

- SPP Specs/RFP language for EE IT products
- Increase purchase of EE IT products
- Reduce GHG from EE IT products
- Robust market for EE IT products
Logic Model Example (with metrics)

**MISSION:** To reduce the environmental footprint of the federal government and broadly influence the marketplace towards more sustainable products and services.

**INPUTS**
- OPPT/P2 staff
- OPPT/P2 funding
- Regional EPP staff
- Regional EPP funding
- Contractor support
- Partners (e.g., SE2)

**ACTIVITIES**
- Standards, sponsor or participate in the development of EPP standards
- Guidance, develop model contract language, procurement guidance, and related EPP policy
- Recognition, provide recognition and awards (e.g., FEC)
- Tools, develop tools (e.g., calculators) to help buyers assess products and services
- Outreach, develop and disseminate outreach and educational materials
- Leadership, lead by example (e.g., create framework for EPP, join FEC, integration into PSi and other interagency contract vehicles, etc.)

**OUTPUTS**
- EPP standards (e.g., IEEE/EPEAT, ULE, BIFMA, ASTM standards)
- New EPP procurement guidance, contract specs, and policies
- Procurement staff and officials in the public and private sectors
- Federal facilities and agencies, manufacturers, and suppliers
- Website (including EPP database); guides, brochures, conference exhibits and presentations
- Blanket purchase agreements, model contract language, MOU guidance

**AUDIENCES**
- Manufacturers, suppliers, and buyers
- Procurement staff and officials in the public and private sectors
- Federal facilities and agencies, manufacturers, and suppliers
- Manufacturers, vendors, buyers, and the public
- EPA and other federal agencies

**KNOWLEDGE/ATTITUDE**
- Increased awareness of EPP product and service features and standards
- Increased knowledge of EPP mandates (e.g., EO 13514) and awareness of EPP contract language, specs, and policies
- Increased proportion of federal spending on EPP products and services
- Increased market share of EPP products and services

**BEHAVIOR**
- Increased knowledge of awards criteria and motivation to win
- Increased knowledge of environmental and financial benefits of procuring EPP products and services
- Increased knowledge of all EPP Program, EPP attributes, contract language, etc.
- Increased recognition of the EPP Program within EPA and other agencies, and strengthened commitment to EPP activities

**CONDITION**
- External factors: Political and economic circumstances, available EPA budget to promote EPP, availability of federal agency budgets to buy EPP products and services, level of participation of standards-setting organizations in the development of voluntary consensus standards for EPP.
- Assumptions: Monitoring and evaluation activities inform learning, knowledge capture and dissemination, and programmatic improvements.

**ENVIRONMENTAL BENEFITS**
- Reduced hazardous materials released, incorporated into products, or used in processes
- Reduction in total chemical use and hazardous chemical use
- Energy conservation
- Water conservation

**FINANCIAL BENEFITS**
- Cost savings through pollution prevention improvements, energy and water conservation
Strategy Cycle: Spend Analysis and Strategy Selection

- Review spend analysis options
  - Product/service category focus or supplier focus
  - EIO LCA preferred for environmental impacts
- Collect purchasing data to support spend analysis
- Conduct analysis to identify priority product/service categories or priority strategies
- Set a measurement baseline using outcome of spend analysis
For each priority strategy:

- Identify key indicators
- SMARTT metric for each indicator
- Absolute vs. relative metrics
- Baseline for each metric

### Characteristics of SMARTT Performance Indicators

<table>
<thead>
<tr>
<th>Specific</th>
<th>What condition or situation is the program targeting for improvement? How will the program influence the situation?</th>
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<tbody>
<tr>
<td>Measurable</td>
<td>How much influence or change do you expect to achieve (quantify if possible)? How will you know when you achieve your target?</td>
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<tr>
<td>Actionable</td>
<td>What steps can your program take to achieve your target? To what extent can your program influence the outcome?</td>
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<tr>
<td>Results-based</td>
<td>What tangible benefits will result from achieving your target? How will these benefits materially affect the condition or situation you are aiming to improve?</td>
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<tr>
<td>Realistic</td>
<td>How attainable is the target? What is the probability of success?</td>
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<tr>
<td>Time-bound</td>
<td>By what date (or how far in the future) do you expect results to occur?</td>
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Preparing for Implementation and Measurement

Address the following:

- **Data needs**: Does my organization’s e-procurement system track sustainable purchasing? What changes need to be made?
  - Changes to systems and contracts
  - Future research needs
- **Training needs**: Who needs to be trained around measurement? What do they need to know and do differently?

**Example Reporting Requirements**

<table>
<thead>
<tr>
<th>The contractor/supplier must document that the products supplied under this contract comply with key environmental criteria noted above. On a quarterly basis, the supplier shall submit a Product Worksheet to the Contracting Officer. The report shall include:</th>
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<tbody>
<tr>
<td>• Contractor</td>
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<td>• Date of solicitation</td>
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<td>• Product or service type</td>
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<tr>
<td>• Model</td>
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<tr>
<td>• Number of sustainable units sold</td>
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<tr>
<td>• Price per sustainable unit</td>
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<tr>
<td>• Number of non-sustainable units sold</td>
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<tr>
<td>• Price per non-sustainable unit</td>
</tr>
<tr>
<td>• Total cost - sustainable products</td>
</tr>
<tr>
<td>• Total cost - non-sustainable products</td>
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<tr>
<td>• Supporting information for sustainable products (e.g., eco-label certified, and name of the eco-label)</td>
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Communicating Results

What to Communicate:
- Progress on each strategy
- Aggregation to program level
- Contextualizing benefits
- Benchmarking
- Attribution issues/program evaluation

And to Whom:
- Within your organization
- Stakeholders
- Public
Using Results

- Continuous improvement of individual SPP strategies and SPP program
- Decisions to take on new SPP strategies
- Management tool to inform broader/higher-level organizational and business planning