



# City of Seoul

## Sustainable Procurement Profile

October 2018



*Images credits: Seoul Metropolitan Government*

**PROCURING SUSTAINABLY, LEADING GLOBALLY**



# Introduction

Seoul Metropolitan Government (SMG) has been pursuing green procurement for over a decade. In 2007, the *Seoul Metropolitan Government Ordinance on the Promotion of Purchase of Green Products* was enacted, which obliges all public institutions in Seoul to procure green products if these are available within the online KONEPS purchasing system. By 2017, 42% of all products purchased were green, representing spending of 122 billion Korean Won (over \$100 million).



SMG has also established a series of ambitious targets and programmes for specific procurement sectors:

- **Catering:** The *Ordinance on Assistance in Environment-friendly Free Meal Programs* (2011) promotes the use of environmentally-friendly food for schools, with a targets of achieving 75% by 2018 (63% achieved by 2017 – 8,609 tons)
- **Renewable energy:** SMG is looking to reduce consumption of grid electricity by installing photovoltaic (PV) solar power systems on schools and other public buildings, with a goal of installing 243.6 MW by 2022 (74.1MW achieved by 2017)
- **Lighting:** SMG is aiming to replace all lighting in public buildings with LEDs by 2020 – as of 2018, 84% have been replaced
- **Electric vehicles:** SMG aims to have 100,000 EVs on the city streets by 2025. All new public vehicles purchased must be EVs, if an appropriate model is available on the market. By December 2017, 6,273 EVs were in operation in the public and private sectors.
- **Construction:** By 2020 newly constructed and renovated public buildings (larger than 3,000 m<sup>2</sup> in total floor area) should acquire the best-in-class green building certification, and all new public buildings should acquire grade 1 or higher (grade 1+) in energy efficiency.

The Mayor of SMG and ICLEI President, Park Won-Soon, launched the Global Lead City Network on Sustainable Procurement (GLCN) in 2015, and acted as Chair until June 2018.

## OUR SPP ACHIEVEMENTS

- Since 2005, all public institutions have been mandated to purchase green products, and the green product procurement rate has increased. In 2017, KRW 122 billion was spent to procure green products, accounting for 41.7% of the total procurement expenses.
- The procurement rates of eco-friendly agricultural products for free meals at elementary and middle schools have remained above 60% since 2011. Eco-friendly agricultural products procured via environment-friendly distribution centers amounted to 8,600 tons in 2017 - accounting for 63% of food purchases.
- Renewable energy supply has expanded since 2003. As of 2017, 51.3MW and 22.8MW of solar panels were installed on 853 public facilities and 445 schools respectively.

## Procurement in the city

For SMG most products are purchased by the Contract Team in the Financial Division, which is a dedicated team responsible for SMG's procurement.

The South Korean *Act on Promotion of Purchase of Green Products* (2005) and the *Seoul Metropolitan Government Ordinance on the Promotion of Purchase of Green Products* (2007) obliges all public institutions in Seoul to prioritize the procurement of green products by using the Korea ON-line E-Procurement System (KONEPS)<sup>1</sup>, operated by the Public Procurement Service (PPS), and the Green Purchase Information System.

### Eco-Labeling in Korea

Introduced in 1992, the government certification system allows eco-labels granted by the Environmental Industry & Technology Institute (Ministry of Environment) to be attached to high-quality eco-friendly products.

Eco-friendly products began to be consumed more frequently with the adoption of the Act on Promotion of Purchase of Eco-friendly Products (1995). In accordance with the Act on Promotion of Purchase of Green Products (2005), it is now mandatory for the government, local governments and public institutions to procure eco-friendly products.

### Defining “green products”

- Products certified with Korea Eco-Label,<sup>2</sup> which have reduced environmental impacts throughout their lifecycle, are considered green according to the above Act and Ordinance. In 2018 there were 14,355 certified green products available in 165 product groups such as office supplies, home electronics, household items, and furniture
- Good quality products manufactured from recycled waste resources and certified by the Resources Circulation Industry Promotion Association (RIPA) are also defined as green products. 239 recycled products from 14 sectors including waste paper, waste rubber, waste plastics, and waste metal are currently certified.

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<sup>1</sup> <https://www.pps.go.kr/eng/jsp/koneps/overview.eng>

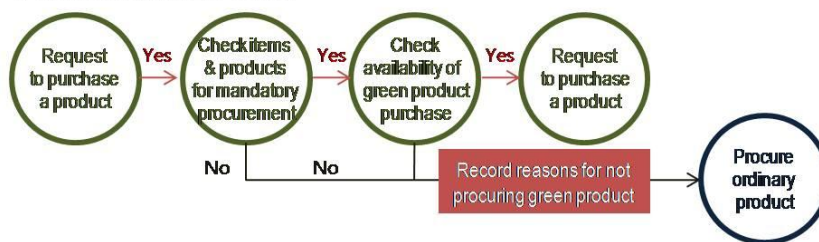
<sup>2</sup> Run by the Korea Environmental Industry & Technology (KEITI) under the Ministry of Environment

TYPE	ECO-LABELLING CERTIFICATION	GOOD RECYCLED (GR) CERTIFICATION
Label		
Purpose	Certify products with good environmental impacts throughout the lifecycle (Exceed KS quality standards)	Certify products in good quality among those manufactured from recycled waste resources
Table text	165 product groups such as office supplies, home electronics, household items, leisure goods, furniture, etc.	14 sectors such as waste paper, waste rubber, waste plastic, waste wood, waste metal, etc.
Certificate authority	Korea Environmental Industry & Technology Institute (KEITI)	Resources Circulation Industry Promotion Association (RIPA)

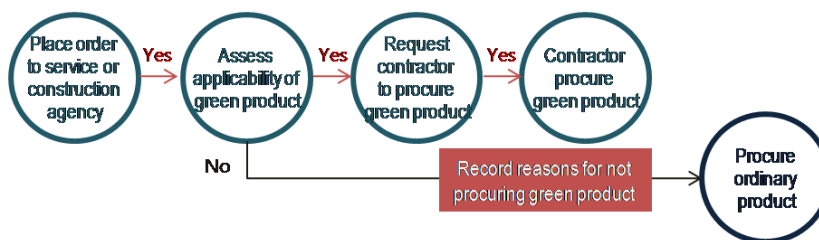
## Procurement procedures

- **Direct procurement:** It is mandatory to check the availability of green products and procure green products for the purchases made through the Korea ON-line E-Procurement System (KONEPS), Green Marketplace, etc.
- **Indirect procurement:** If purchases are made through a contract with a third party such as a service agency or a construction company, it is mandatory for the contractor (agency) to check the availability of green products and procure green products

### ➤ Direct Procurement Process



### ➤ Indirect Procurement Process



## SMG's green procurement performance

YEAR	2017	2016	2015	2014	2013	2012	2011	2010
CLASIFICATION								
Total amount of product procurement (Billion KRW)	292	236	204	184	185	139	131	111
Amount of procured green products (Billion KRW)	122	98	77	58	48	35	30	18
Procurement rate (%)	42	41	37	31	26	25	23	17

As described above, a systematic and strategic procurement system has been in place since 2005, however by 2010, green products accounted for merely 17% of total purchases. Seoul took the organisation and hosting of the ICLEI World Congress in 2015 as an opportunity to encourage more green products to be purchased. As a result, the green product procurement rate reached 41.7% in 2017 and Seoul com

fortably exceeded its green product procurement goal (40% by 2017).

## What we purchase sustainably

### Public procurement of green products

- **Overview:** Prioritise the procurement of green products with the Korea Eco-Label or GR-certification in each and every procurement made by SMG
- **Goal:** Green product procurement rate of Seoul's public institutions to account for more than 40% by 2017
- **Achievement:** Procurement rate of green products accounted for 41.7% in 2017 (Green product procurement: KRW 122 billion, Total product procurement: KRW 292.2 billion).
- **Future plans/challenges:** In addition to green products, SMG wishes to promote goods produced by the physically challenged, social enterprises, SMEs, female-owned businesses, etc. Training and promotion is carried out continuously

### Environment-friendly free meal programs

- **Overview:** Use high quality products such as certified environment-friendly agricultural, livestock and fishery products, and purchase food ingredients which conform to the

standards prescribed in the Food Sanitation Act

*Environment-friendly* means products provided through an ecologically sustainable, safe process of production, processing and distribution under the principle of preventing probable hazards in advance, giving top priority to health, the environment and ecosystem

- **Goal:** 72% by 2017, 75% by 2018
- **Achievement:** Elementary and middle schools (total 941 schools) purchased 63% eco-friendly agricultural products in 2017 (8,609 tons out of total 13,640 tons)<sup>3</sup>

## Deployment of PV on public buildings

- **Overview:** Increase the share of renewable energy used in public buildings by expanding the supply of renewable energy including PV, etc. on public institutions
- **Goal:** Install 243.6MW of PVs on public facilities by 2022
- **Achievement:** 853 public buildings have installed 51.3MW of solar power systems and 445 schools installed 22.8MW of solar power systems on their roofs (As of December 2017, cumulative total)
- **Future plans/challenges:** Due to a lack of PV installation sites, SMG plans to tap into unused areas such as fallow land, etc. and develop new methods of installation so as to further install and supply a photovoltaic system on public buildings.

## Other

- **Lighting:** SMG is aiming to replace all lighting in public buildings with LEDs by 2020 – as of 2018, 84% have been replaced
- **Electric vehicles:** SMG aims to have 100,000 EVs on the city streets by 2025. All new public vehicles purchased must be EVs, if an appropriate model is available on the market. By December 2017, 6,273 EVs were in operation in the public and private sectors.
- **Construction:** By 2020 newly constructed and renovated public buildings (larger than 3,000 m<sup>2</sup> in total floor area) should acquire the best-in-class green building certification, and all new public buildings should acquire grade 1 or higher (grade 1+) in energy efficiency.

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<sup>3</sup> Procurement rate of environment-friendly agricultural products fell from 67% in 2015 to 60% in 2016 due to the abolishment of Low-Pesticide Agricultural Product Certification and poor harvest in that year, but the rate slightly rose to 63% in 2017 as the government implemented various efforts such as securing procurement of environment-friendly fruit from producers. The rate is expected to rise continuously as food ingredient costs for free school meals will be adjusted to reflect market prices in 2018

## About the GLCN on SP

The **Global Lead City Network on Sustainable Procurement** is a group of cities committed to drive a transition to sustainable consumption and production by implementing sustainable and innovation procurement. All participating cities are acting as ambassadors of sustainable procurement to lead to a resource efficient, low carbon and socially responsible society.