Terms of Reference for the Market Analysis Expert

Objective of Work

UNEP provides support to countries to develop and implement Sustainable Public Procurement (SPP) policies by increasing awareness and building the capacities of policy makers and procurement managers.

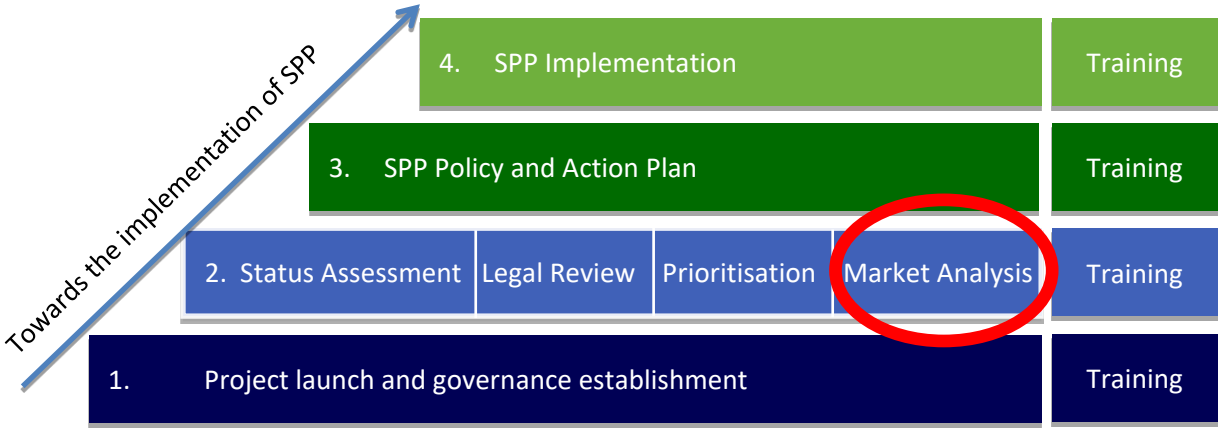
The methodology applied at country- level is the "UNEP SPP Approach" which is conceived as a series of steps that must be followed by governments to first design and then implement an SPP action plan (see below graph).

In countries with national ecolabelling scheme in place (hereby referred to as "core countries") the project focuses on the implementation of UNEP's SPP Approach combined with a proactive use of ecolabels.

In other countries with no established ecolabelling programmes, the project mainly focuses on the development and implementation of an SPP Action Plan, together with awareness-raising activities about the opportunities that ecolabels represent for the strengthening of the national SPP programme.

One of the key steps of the SPP Approach is to undertake a **market analysis** with the objective of:

1) **Identifying specific sub-categories of sustainable products** that will be purchased during the pilot tenders
2) **Assessing the existing productive capacities** and responsiveness of the market to SPP tenders targeting the prioritized products;
3) **Identifying potential threats/opportunities** that SPP might create for SMEs and for the local market;
4) **Defining sustainability criteria** for each sub-category of product and identifying relevant certification instruments, or references to an ecolabel scheme.
5) **Recommending measures to develop the local supply of sustainable products** and increase the suppliers' competitiveness. *In the case of core countries, it will also include recommendations on the measures to ensure the supply of products certified under the national ecolabelling scheme.*



Steps of the UNEP SPP Approach

Relationship to other steps of the SPP Approach

- It is recommended that the Market Analysis build on the Legal Review in case the legislation on priority product categories was analysed in that Review.
- The Market Analysis will also build on the Prioritisation Exercise, since it should be applied to the three types of products selected in this earlier step. It will lead to a final selection of three sub-categories of products to be introduced in the public procurement system. The Market Analysis should make use in particular of the preliminary market study conducted in the framework of the Prioritization Exercise.
- The Market Analysis should feed the SPP policy and National Action Plan - from the market/suppliers' perspective.

Tasks & Expected Output

Tasks

The expert will conduct the Market Analysis covering the following aspects:

A. Introduction

- Background
- Objectives of the study
- Methodology

B. Identification of sub-categories of sustainable products & services, and elaboration of a preliminary compendium of sustainability criteria and means of verification

This section shall **identify the specific sub-categories of sustainable products & services** (from prioritized types of products and services) which will be used for pilot tenders, during the SPP implementation. The chapters C) and D) on Analysis of supply and demand will focus on the retained sub-categories of products and services.

- **STEP 1:** List the three types of products that were selected **during the prioritisation exercise**.
- **STEP 2:** For each selected type of product & service, **identify available sub-categories of sustainable products** (segments, with clear environmental and socio-economic characteristics)
  - e.g. 1: in the paints & coatings category: organic paints, paints with insulation properties.
  - e.g. 2: in the coffee category: fair trade coffee, organic coffee, etc.
  - e.g.3 in the paper category: paper free of chlorine, recycled paper, paper produced from sustainably managed forests.
- **STEP 3: Review and summarize** the **sustainability criteria** of these products sub-categories and describe their environmental, social and economic characteristics.[1]
  This assessment can be done initially with qualitative information, looking at existing internationally recognized ecolabels and voluntary sustainability standards for these product sub-categories. The sustainability criteria needs to be identified using the Life Cycle Thinking Approach (the impacts

[1] To help identify the environmental and socio-economic impacts (which can be converted in sustainability attributes), the consultant in charge of the Market Analysis must review as a departure point the results obtained in the Prioritization Exercise, especially, Matrixes C, D and E.

should be "evaluated" throughout the life cycle of the product – from the extraction of raw materials, to the production/processing, use, transport and the waste disposal).

- **STEP 4: Determine means of verification for the sustainability criteria**, such as existing internationally recognized ecolabels, voluntary sustainability standards, basic information required by law, laboratory tests, product declarations, which can serve to verify the sustainability attributes of the selected sub-categories of products and services. *This include for example in core countries with established national ecolabelling scheme references to the national ecolabels.*

C. Analysis of supply

This section aims to **assess the capabilities of the local market** to supply the selected sub-categories of products at a competitive price and analyze the potential threats or opportunities for the local economy.

- **STEP 1**: Identify the **level of availability and the market share of the selected products** in the country. Provide additional historical data and forecast to give an overview of the evolution of the supply for these products.

- **STEP 2**: **Describe the market players** involved in the market segments considered:
    a. What is the number of SMEs /large enterprises involved in the manufacturing / import / commercialization of the targeted products?
    b. Are the selected sustainable products locally produced, or imported? If the products are imported, what are the prospects for the future supply of sustainable products and services, in the short, medium and long term?
    c. Do companies in the targeted sectors have environmental management systems in place and / or other sustainable development credentials? Corporate social responsibility?
    d. What are the companies' strategies in terms of transition to sustainable production methods/products, etc.

- **STEP 3**: **Identify the main obstacles** limiting the supply of the selected sub-categories of products and services
    a. What are the average prices in the country?[2] How do these prices compare with international prices and with the prices of conventional items (price premium)?
    b. Explore the strengths/weaknesses of national companies over international suppliers for the provision of these new sustainable goods and services.
    c. Other major obstacles? Regulatory, know how, etc.?
    d. *In case of core countries, identify limiting factors for supply of relevant products certified with ecolabels (e.g. incompatibility in sustainability criteria; insufficient supply of certified products; price difference, etc.). This analysis should be developed in line with the SWOT analysis of the national ecolabelling scheme*.

- **STEP 4**: **Analyze the potential threats and opportunities** for the local production which could arise from the introduction of these procurement criteria in the State procurement of goods/and the compliance with an ecolabel scheme:
    a. What would be the main impacts of the importation of the goods on local producers (possible risk of suppression of local production in favor of imports)?
    b. What would be the potential market for an increased supply of products that are certified with ecolabels?

- **STEP 5**: **Analyze the potential for development** of selected products and services, nationally and abroad. What are the prospects for the development of export markets in the targeted sectors?

[2] To help identify the prices in the national market for these sustainable product sub-categories, the consultant in charge of the Market Analysis must review as a departure point the results obtained in Prioritization Exercise, especially, Matrix B.

What are the main sustainability criteria to consider in the targeted sector to ensure compliance with the main export market?

D. Analysis of demand

- Present an **evolution of the national demand** for the selected sub-categories of products and services (historical changes and future forecasts).

- Specifically **focus on the national public procurement demand**, including on **public procuring entities identified to execute pilot tenders in the SPP implementation phase.** Specify past and current volumes of orders for the selected sub-categories (if possible, otherwise for categories) and purchasing entity (which ministry/department). Specify percentage of sustainable orders, if possible. Specify planned tenders targeting the selected products.

- **Identify the main obstacles and opportunities** for the purchase of more sustainable products by public entities. Specify if there have been previous attempts to purchase more sustainable products by public entities, if suppliers were engaged in the process, and how, and what was the outcome (was there enough supply for that procurement process? Was it necessary to re-structure the procurement process with regards to those specific sustainability criteria?)

F. Validation of sustainability criteria for each sub-category of product with the market and the public entities

- The **final definition of sustainability criteria and means of verification** of the three sustainable product sub-categories must take as a basis the preliminary compendium obtained in Chapter B, and the information collected with regards to the supply side (Chapter C), and the demand side (Chapter D).

- **Validate the sustainability criteria and its possible means of verification with key market players (supply) and with the Steering Committee members (demand)**. At the end of this exercise, the Market Analysis should provide a list of validated sustainability criteria and means of verification for the three product sub-categories, which can be included in the pilot tenders. These criteria should be realistic and in line with the country's demand and supply characteristics.

G. Conclusions and recommendations for SPP and contracting

- **Conclude on the opportunity and feasibility to retain** the selected sub-categories of products and services for pilot tenders and for inclusion in the public procurement system, as a priority in the SPP National Action Plan.

- **Propose a final list of sustainability criteria for each sub-category of product** selected and possible means of verification, validated by the Steering Committee and the suppliers.

- **Recommend actions to develop the local supply** of sustainable products and services at national or regional level, and increase the suppliers' competitiveness. Measures will be short, medium and/or long-term, depending on the level of market readiness for the set of sustainable products selected, *and the adhesion of producers to the labelling scheme in case of core countries*.

Deliverables

- **A summary of content** shall be submitted to UNEP for initial review.

- **A draft report** of works undertaken mid-point in the assignment. A meeting will take place with all project partners and Steering Committee after the elaboration of the draft report to discuss key issues, findings and eventual corrective measures.
- **A detailed report** in line with the above proposed content (approx. 50 pages including appendices. The report must be presented in English
- All material prepared must be in line with the graphic identity of the SPPEL project (the logo will be provided by UNEP).

Required skills

- Demonstrated experience in organizing and implementing a study of the national market, using both quantitative and qualitative methods;
- Extensive experience in the environmental, sustainability and/or business sector;
- Experience working with the Chamber of Commerce, Ministry of Industry or University;
- Knowledge of the country's economy and business sector particularly in the areas related to sustainable development, sustainable business practice, environmental technologies and service provision;
- Independence from any given sector's or stakeholder's interests;
- Excellent writing and analytical skills; and
- Ability to apply the method of prioritization of the UNEP SPP Approach or similar methods;

Recruitment Qualifications

Education:	Degree in economics, business, engineering, environmental management or related field. Post graduate degree is an asset
Experience:	Expert in economics, business, engineering, environmental management or related field with at least 5 years of relevant experience, preferably in market studies at national-level
Language Requirements:	Fluency in the local official language. Good knowledge of English is an asset.

APPENDIX: Section C. Step #3
Example of tool for the financial impact assessment

Product categories	**Table A: Financial impact** Objective: Out of the 10 product categories, identify those in which sustainable products might have stronger financial impact compared to conventional products for the implementing public organizations		
	Comparing the average purchase price of conventional and sustainable products	**Comparing the average total cost of ownership (TCO) of conventional and sustainable products**	**Total score**
1. ……	1= conventional product is on average cheaper than sustainable product 5= conventional product is on average more expensive than sustainable product	1= conventional product has a lower TCO than sustainable product 5= conventional product has a higher TCO than sustainable product	
2. ……			
3. ……			
4. ……			
5. ……			
6. ……			
7. ……			