



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services

Green Public Procurement: An Overview of Green Reforms in Country Procurement Systems

ADB APPEN eGP Global Conference

Hunt La Cascia

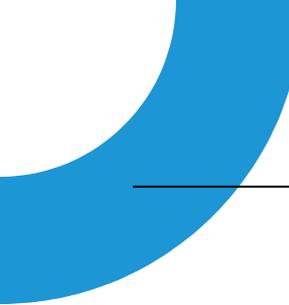
World Bank – November 17th, 2021

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

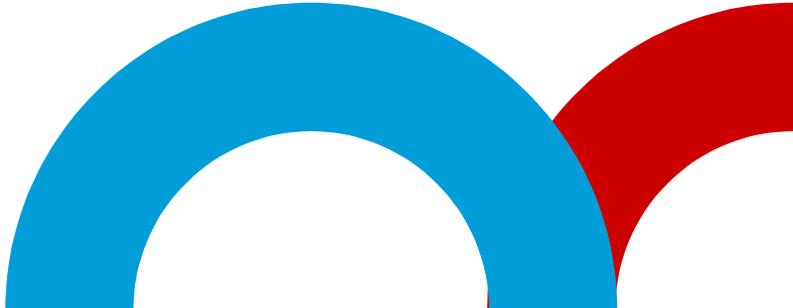


Green public procurement is core element of a modern & strategic procurement approach

- 
- 2011** **UNCITRAL Model Law on Public Procurement**
 - 2014 European Commission Directive on Public Procurement
 - 2015** **WTO Government Procurement Agreement**
 - 2015 Recommendation of the OECD Council on Public Procurement
 - 2015 Sustainable Development Goal Target 12.7
 - 2016** **World Bank new Procurement Framework**
 - 2017 ISO 20400 Guidance on Sustainable Procurement



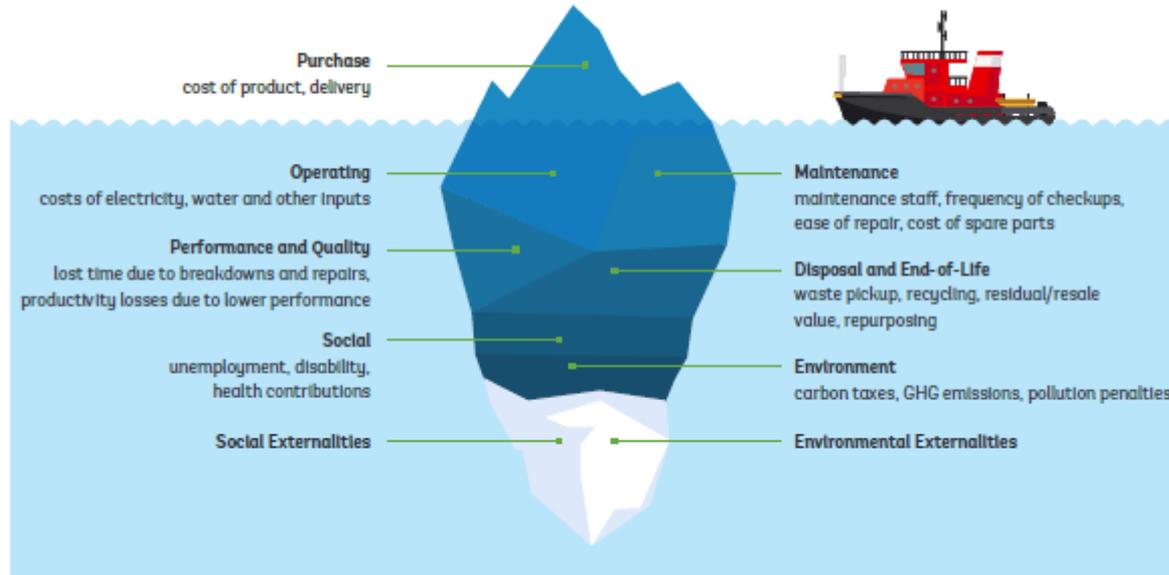
What is GREEN PUBLIC PROCUREMENT?



“a process whereby public authorities seek to procure goods, services and works with a **reduced environmental impact throughout their life cycle** when compared with goods, services and works with the same primary function that would otherwise be procured”

Shift from **lowest-bid** to delivering **value for money** through the **life-cycle**

“Purchase price is just the tip of the iceberg”



Life-cycle costing

An example from Indian Railways

Vision 2020 to “achieve 15% energy efficiency”.
Project: Energy-efficient indoor lighting.

Challenge

- Upfront purchase price is 5-6 times more

Impact

- 112,500 MWh energy savings per year
- 90,000 tonnes of CO2 emissions saved per year
- 400,000 households received free energy efficient lightbulbs
- Lower demand and great reliability of energy grid
- Costs recovered from lower energy costs during life-time and sale of carbon emission reductions (CERs)

Motivations for **GREEN PUBLIC PROCUREMENT**

There are many reasons to go “green” in procurement

1.

Decarbonize industry and infrastructure to reduce climate risks and avoid stranded assets

2.

Transition local market to be competitive in global markets with growing green expectations

3.

Create green jobs and entrepreneurship opportunities especially for youth, women, local communities and vulnerable groups

4.

Improve public trust & reputation through public spending that delivers better health and environmental outcomes for citizens

5.

Attract climate funding & investments from public donors and private investors



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services

No one-size-fits-all approach to building an effective GPP system



Europe

Top-down voluntary approach

- Procurement directives & GPP criteria set at regional level
- Cities and regions are leading GPP innovations
- New focus on circular economy
- Shift from voluntary to mandatory GPP

Asia

Simple and mandatory green purchasing choices

- Early adopter countries with ~20 years experience (Japan, Korea, China, Thailand, Malaysia)
- Ecolabels, green marketplaces and e-procurement simplify green purchasing
- Mandatory GPP with phased implementation (expand product categories & covered authorities & public)



Latin America

Peer networking

- Peer learning and exchange through regional network
- Focus on supporting SMEs and local enterprises (e.g. farmers)
- General checklists rather than detailed green criteria sets

Africa

Link to social objectives

- Low interest in “greening” without link to social objectives (poverty reduction, job creation, vulnerable groups)
- Potential to link to SDG initiatives (SDG 12 - waste to resource, SDG 9 - decarbonized industries & infrastructure)
- Driven by donor-supported initiatives



Report Topics



Five “building blocks” of effective GPP systems

World Bank Practice Note for Bank clients to understand GPP and **country-tailored implementation pathways**.

- Business Case
- Enabling Framework
- Operational Tools
- Operational Approaches
- Managing Reform

BUILD THE BUSINESS CASE

Each country must define its own business case for GPP – doing so can overcome initial resistance and set realistic pathways for implementation.

Good practices

- Objectives
- Indicators
- Prioritization
- Stakeholders
- Green market development

ENABLING FRAMEWORK

Enabling frameworks help to transform GPP from an ad hoc activity to a national priority that achieves important policy goals

Good practices

- Organization
- Regulation
- Incentives
- Monitoring and reporting
- Capacity building
- Technical support

Phased implementation

An example from Philippines

Philippines 2017 GPP Roadmap

- Focuses on a **country-wide communications campaign** to tackle misconceptions, build buy-in and identify champions
- Starts with a focus on a **few priority product categories** with procurers encouraged to integrate **at least one green criteria**

OPERATIONAL TOOLS

Not every procurer can or wants to become an environmental expert, so supportive tools are needed that make buying green simpler and drive adoption at scale.

Good practices

- Environmental criteria
- Ecolabels and environmental management standards
- Life-cycle costing

OPERATIONAL APPROACHES

Engaging the market enables procurers to design realistic tenders that attract a market response while driving green innovation.

Good practices

- Needs assessments
- Market consultation
- Joint procurement, framework agreements, and catalogs
- Supplier facilitation
- Product-service systems and performance-based contracts
- Innovation procurement

Peer-learning and networking

An example from LAC region

Keys to success in advancing the GPP agenda in Latin America and the Caribbean

- **Bottom-up approach** supported by the Inter-American Network on Government Procurement (IDB, OAS, IDRC)
- **Certification in Sustainable Public Procurement** in OAS' School of Government

MANAGING REFORM

Monitoring is key to inform a cycle of continuous improvement and prove the benefits of GPP systems

Good practices

- Reform pathways
- GPP assessments
- GPP strategies and action plans

PRACTICE TIPS

What have we learned from our review of global practice?

- **Frame GPP as core to a modern procurement system**
- **Identify compelling entry points for GPP**
- **Start small and scale up with experience**
- **Focus on change management not just technical tools**
- **Prioritize approaches that make “choosing green” easier** (e.g. framework agreements, catalogues, e-procurement)
- **Treat the private sector as a partner** to inform realistic tenders and push green innovations
- **Explore opportunities to aggregate public spending** (e.g. joint procurements, centralized procurement)
- **Design whole-of-government approaches to GPP implementation**, including fiscal & market incentives
- **Monitor the implementation and impact of GPP programs** to inform an adaptive implementation approach and prove the benefits that GPP brings to the country



Thanks for your attention

For more information:

[Green Public Procurement : An Overview of Green Reforms in Country Procurement Systems](#)

Hunt La Cascia

Senior Procurement Specialist, World Bank

hlacascia@worldbank.org



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

Operations Policy & Country Services