EIB's Approach to Green Procurement

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WORLD IS CHANGING-SO IS PROCUREMENT

- ✓We have to invest more and be prepared
- ✓More projects with climate mitigation and adaptation
- ✓Procurement focus on environmental impacts instead of cost only

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WHAT IS GREEN PROCUREMENT?

- ✓ Green procurement is about establishing a link between environment related requirements and procurement.
- ✓ Requires moving from traditional to strategic procurement
- ✓ Policies are progressively changing from a voluntary to mandatory approach
- ✓ Challenge: Setting the balance between environmental considerations, cost, market availability and competition trends, procuring authority's capacity, country context.

Environmental criteria should never distort competition!

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IS GREEN PROCUREMENT WORTH THE EFFORT?

What is the actual price you pay?

- ✓ **Purchase cost**
- ✓ **Operation/use (ex: energy and water consumption during use)**
- ✓ **Disposal cost**

Is green procurement really more costly? Maybe in the short-term due to:

- ✓ **Need for increased expertise & verification effort (Procuring authority)**
- ✓ **Higher upfront costs for contractors (at least for some criteria, depending on the procurement procedure, experience of the contractor),**

BUT in the long term increased procurement quality, speed, and efficiency

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MILESTONES

CHOOSING THE RIGHT PROJECT

PROCUREMENT STRATEGY AND MARKET CONSULTATION

DEFINING AND APPLYING THE GREEN CRITERIA

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CHOOSING THE RIGHT PROJECT

✓Assess the overall sustainability of the project

✓Projects with environmental impacts that can be mitigated

✓Identify and maximize positive environmental impact

- ✓ Environmental requirements should have equal importance with other project indicators
- ✓ Improve your in-house coordination between environment, social and procurement specialists
- ✓ Check and develop your capacity: advisory-consultancy support

PROCUREMENT STRATEGY

- ✓ Design the procurement strategy as a tool to support/achieve green procurement
- ✓ Having a mature Procurement Strategy with appropriate procurement procedures which can be:
  - ✓ Easily be adapted to the needs, priorities and objectives of the promoters in terms of sustainable procurement
  - ✓ Increase the efficiency of the procurement process and better manage and monitor implementation of the contract while reducing the risks
  - ✓ Better assess the market capacity and elasticity, promote international competition and support markets to progress in sustainable objectives

Don't be prescriptive:

There is no "one size fits all" solution: Consider variables and external factors such as the Borrower priorities and capacity, market capability and capacity, country context and legislation, MDBs, other project specifics!

MARKET CONSULTATION

UNDERSTANDING THE MARKET

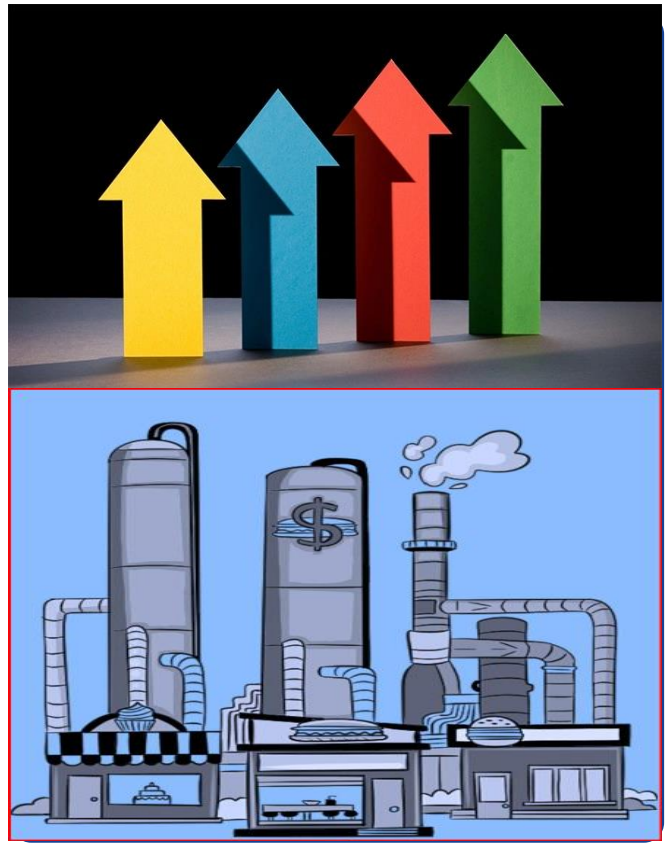
- ✓ Your needs vs market capacity and readiness

BUILDING TRANSPARENCY AND TRUST

- ✓ Reliable contractors, high quality products/services, competitive prices

INCREASING MARKET CAPACITY AND READINESS

- ✓ Early access to information
- ✓ Better understanding of Borrower demands
- ✓ Increase readiness and technical capability
- ✓ Visibility on potential investments
- ✓ More room for innovative solutions



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DEFINING AND APPLYING THE GREEN CRITERIA
Example: Sustainable Public Procurement Criteria For Buildings
(based on EU GPP criteria)

SCOPE

- ✓ **Providing important benefits for sustainable investment, even if does not serve to the primary scope of procurement**

Stage in Procurement:

- ✓ **Selection criteria**
- ✓ **Award criteria(core or comprehensive)**
- ✓ **Contract conditions**

Type of criteria:

- ✓ **Mandatory requirements**
- ✓ **Awarding additional points-bonus points**
- ✓ **Require certificates and labels**

- ✓ **If you are not experienced start with simple requirements that are easy to verify**

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Criteria-General Approach

Life cycle assessment - relevant for products and materials, provides the support in the procurement to evaluate the environmental impact of a product throughout its entire life
- to identify the most effective use of LCA in procurement (design, tender, etc)

Resource efficiency - reflected in the criteria as high energy efficiency performance and low associated CO2 emissions, use of building products or materials with a high recycled or re-used content, installation of water saving technologies, minimization of construction and demolition (C&D) waste

Net-zero technologies - significant contribution to decarbonization
- economically attractive for business to scale-up the production with high sustainability and resilience
- facilitates access to markets by specific measures related to public demand through public procurement procedures and auctions, as well as through schemes to support private demand by consumers

Criteria-Key Environmental Impacts

- ✓ Primary energy consumption and associated greenhouse gas emissions during use of and travel to and from the building
- ✓ Use of natural resources, embodied energy and emissions associated with the manufacturing and transportation of building materials
- ✓ Waste generation during site preparation, construction, use and demolition of the building
- ✓ Use of building components and materials with high emitting hazardous substances
- ✓ Water consumption during use of the building

Criteria-Services (Supervision&Design)

- ✓ Management of building contracts that delivered environmental performance: energy efficiency, installation of Building Energy Monitoring Systems (BEMS), water efficient services design...
- ✓ Identification and use of environmental technologies and design innovations required to deliver improved environmental performance and quality
- ✓ Assessment of building environmental performance and certification schemes
- ✓ Procurement and installation of low environmental impact construction materials. Ex: reference to Environment Product Declarations in compliance with ISO or EN standards
- ✓ Successful implementation of construction and demolition waste management plans in order to minimise waste. Selection of off-site treatment options
- ✓ Integration of nature-based solutions, such as green roofs and walls, habitats in courtyards and patios, Sustainable Urban Drainage Systems (SUDS) and street trees
- ✓ Development and implementation of staff travel plans, including infrastructure for low emission vehicles and bicycles

Criteria-Works (Construction/Renovation)

- ✓High energy efficiency performance and low associated CO2 emissions
- ✓Reduced impacts and resource use associated with construction materials
- ✓Minimise construction and demolition (C&D) waste and use building products or materials with a high recycled or re-used content
- ✓Ventilation design in order to ensure healthy air and minimise the intake of external air pollution
- ✓ Specification and installation of water saving technologies
- ✓ Installation of physical and electronic systems to support the ongoing minimisation of energy use, water use and waste arisings by facilities managers and occupiers


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