African Development Bank
African Development Fund

Comprehensive Review of the AFDB’s Procurement Policies and Procedures

Summary of Literature on Sustainable/ Green Public Procurement

March 2014
This summary has been prepared by a Consultant and the views expressed herein are those of the Consultant and not of the Bank.

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<td>AusAID</td>
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<td>EMS</td>
<td>Environmental Management System</td>
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<td>GDP</td>
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<td>ICB</td>
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<td>LCC</td>
<td>Life Cycle Costing</td>
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<td>LIC</td>
<td>Low-income Country</td>
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<td>MAPS</td>
<td>Methodology for Assessment of Procurement Systems</td>
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<td>MDB</td>
<td>Multilateral Development Banks</td>
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<td>MIC</td>
<td>Middle income country</td>
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<td>NPV</td>
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SUMMARY OF LITERATURE ON SUSTAINABLE / GREEN /
PUBLIC PROCUREMENT

I. OBJECTIVES

1. The objectives of this Paper are to review, analyse, synthesise, and to summarise three background studies [i. Sustainable Public Procurement in LICs; ii. “Green” Procurement in Selected Environmental Policy Frameworks; and, iii. Public Procurement of Energy Efficient Products] commissioned by the World Bank (WB), to inform its current procurement reforms, which could be of relevance to, and also guide the Bank’s review of its procurement policies, procedures and processes.

II. FINDINGS

2. Although Sustainable Public Procurement (SPP) and “Green” Public Procurement (GPP) do not yet have universally-accepted definitions and/or well-established parameters, the two related studies have suggested meanings or explanations for the terms. In this respect, the study entitled Sustainable Public Procurement in LICs, has proposed that SPP is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy whilst minimising damage to the environment. Thence, the study notes, SPP has three pillars, viz.: economic development; social development; and environmental protection.

3. The study posits the four primary goals of SPP as being: (i) to minimise any negative impacts of goods, works or services across their life cycle and through the supply chain; (ii) to minimise demand for resources; (iii) to ensure that fair contract prices and terms are applied and respected, in order to meet minimum ethical, human rights and employment standards; and, (iv) to promote diversity and equality throughout the supply chain.

4. The study analyses experiences in the implementation of SPP in Ghana [a lower middle-income country], and Kenya and Bangladesh [low-income countries] against a backdrop of the same process in high-income countries, and concludes as follows:

- High-income countries (and some MICs), with greater awareness, have invested resources to build up policies and legal frameworks enabling the application of SPP; Lower MICs may have some policy and legal frameworks, but lack implementation; LICs generally lack awareness, have no policy, action plans, or implementation.

- SPP introduction needs to be linked with general procurement reforms, which have to be coordinated with wider governance reforms.
SPP implementation has benefits for the environment, social issues (labour laws, improved living conditions, and social justice), it results in savings over product life-times, and reduces costs for society; SPP drives innovation, promotes sustainable production/consumption patterns and helps entities show responsible governance.

Challenges remain for SPP, because sustainability considerations are complex and best practices are still evolving. LICs have bigger problems since procurement legislation is relatively new, and capacity and law enforcement weak.

For SPP to start in LICs, minimum conditions must be met in terms of awareness of environmental and social problems, a sense urgency, political will, and country ownership. For SPP to thrive, the necessary policy and legal framework must be put in place, capacity must be built, and the demand and supply sides must understand the new requirements and the applicable techniques.

There are fears that SPP implementation would overstretch existing capacity, or that local companies may not be able to compete, resulting in inefficiencies, higher costs, reduced competition, and increased corruption. Another risk is that there could be unfair competitive advantage for a few (large/international) firms. Implementation of SPP should thus be made in a structured manner, looking at the whole picture. The various options should be based upon policy objectives and assessment results, with realistic goals set, priorities defined, and gradually implemented, or SPP may be applied to certain sectors or products. Local industries must be supported to make their production processes more sustainable. SPP can be viewed as additional to ongoing reforms, or synergies can be created on old projects, with SPP initiatives.

Development partners can play a catalytic role, by supporting LICs in undertaking assessments, evaluating policy options and implementing strategies, to create an enabling environment for SPP, by providing tools, knowledge, and funds to overcome the prevalent lack of resources.

5. The study on **SPP in LICs** gives an overview of current policy and practices of bilateral and MDBs with regard to the application of SPP under development assistance. Key observations are:

- The USD 14.8 billion of WB investment lending to IDA countries (under ICB) could serve as an entry point for inclusion of SPP principles. But, the WB tools to inform its country assistance strategy (CPAR and MAPS) do not address SPP issues. Also, the WB 10 Safeguards Policies do not include guidance as to how to incorporate environmental and social risks and opportunities into the procurement process.

- Although the WB Guidelines allow the inclusion of environmental and social aspects into the bidding process, users are not sure about the
application of life cycle costing procedures. Some provisions lack clarity, and the Guidelines fall short of key SPP leveraging points like the consideration of environmental benefits in determining the lowest evaluated bid, or to what extent technical specifications and award criteria can be used to account for the consideration of social and economic criteria.

- The WB established the ESRP initiative aimed at raising awareness, disseminating best practices, and assisting users on design and implementation of projects. But, there is no explicit policy statement, mandate, or guidance note encouraging ESRP/SPP implementation under development projects.

- Among development partners, UNEP, under its SPP Capacity Building Project, has assisted several MICs in introducing country-specific SPP policies (through status and legal assessment, prioritisation exercises, market readiness analysis, etc.). UNEP has also taken the lead in developing a community of practice, through the establishment of its SPP Initiative.

- The AsDB has enriched the debate through its publications [ESRP – A Reference Guide for Better Practices; and The Strategic Importance of Public Procurement]. The ESRP provides guidance concerning the concept of environmentally responsible procurement [ERP], and advises on project planning, environmental assessment, detailed engineering designs, procurement, and construction of project facilities. ESRP also proposes standard clauses for inclusion in TORs and loan agreements, and defines the roles of the various parties in ERP implementation, etc. The Strategic IPP covers procurement as a guiding principle to increase employment, target sector growth and industrial policy, and to promote new and innovative products.

- Bilateral agencies (like DFID, AusAID, Danida, KfW, GIZ, etc.) generally rely on the broader concepts of value for money.

6. The study on SPP in LICs further makes recommendations on why, in what manner, and how SPP should be reflected in the future WB Procurement Guidelines:

- **Why?** The WB mandate on sustainable development puts SPP on the agenda to leverage work for achieving development objectives. The leadership of WB in PP in development cooperation (and its purchasing power in funding operations in 120 countries) give it the responsibility of incorporating SPP in policy and practice. Thus (since developing countries will account for the greater bulk of global growth in income, infrastructure and population), the WB should assist borrowers in making policy decisions the defining path for incorporating SPP in that growth.

- **What?** The policy framework should be strengthened to address SPP criteria. The WB should assist developing countries in making policy decisions with regard to SPP. And, the WB should connect and broker
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SPP knowledge across MDBs, besides providing tools to borrowers in order to support the uptake of SPP.

- **How?** The Guidelines should include “sustainability” as one of the basic principles of procurement (at the same level as “economy and efficiency”, “equal opportunity”, “development of domestic industries”, and “transparency”). CPARs and MAPS should address SPP issues, by enhancing baseline indicators with sustainable (“s”) criteria. The new “S-MAPS” must trigger prioritisation studies, or market readiness analysis (as per the Marrakech Task Force Approach to SPP). The WB study on Environmental and Social Safeguards Policies must include specific guidance on incorporating SPP in the bidding process.

7. With regard to investment lending, the study on **SPP in LICs** requires the Guidelines to provide advanced options for integrating SPP into WB funded procurement reforms, thus providing borrowers with the legal basis for incorporating SPP in projects. In detail, the Guidelines should:

- Define and explain SPP; stipulate mandatory requirements, (e.g., core labour standards); accept, as a default, additional provisions on SPP already included in national procurement laws (but unacceptable conditions should be highlighted in the loan agreement); outline how compliance with mandatory requirements will be verified and monitored.

8. Concerning differing approaches, the study on **SPP in LICs** asks the WB to:

- Support SPP under ICB (even where local market cannot produce sustainable items), by assisting borrowers during bidding and contract administration; by developing, testing and refining new modalities to benefit the local economy (e.g., subcontracting to local firms, hiring skilled locals, transferring of know-how, or supplementing local firms to strengthen their adoption of SPP standards, etc.).

- Support SPP under NCB, by assisting borrowers to prepare a list of priority products and services to which SPP principles can be applied.

- Support SPP under civil works, turn-key and supply and installation contracts, by focussing on sustainability issues during design, and by incorporating incentives for excelling suppliers, during implementation.

- Support accessibility for SMEs, through the option of dividing contracts into lots, which could serve in targeting special interest groups (gender, youth, handicapped).

- Support the bundling of small-value SPP contracts, for goods needed on indefinite or repeat basis, to be tendered under framework contracts.

9. Further, the study on **SPP** offers recommendations (with a generic model) on how it can be implemented in **LICs**, and how WB can assist in the transformation process, through:
• Embedding SPP in the principles of aid effectiveness, change management and capacity development;

• Setting objectives to be achieved at the national level [comprising: awareness raising; development of SPP benchmarks; country-specific strategic planning and implementation processes; besides effective partnerships in international development cooperation], and at the organisational level [covering: design; and implementation of a strategy to embed SPP in daily procurement practice].

• Assisting LICs/MICs in starting with a limited number of sustainable products (or a selected number of key procuring entities), at the sector or entry level, in order to keep costs low and benefits high.

• Supporting LICs/MICs in: Awareness raising; Policy dialogue; Cross-sectoral cooperation and stakeholder engagement; Assessments; Strategy development; Capacity building; Leverage with WB funded investment projects; Research and communication; and Resources.

10. The study on “Green” Procurement in Selected Environmental Policy Frameworks defines GPP simply as the purchasing of products that provide environmental and related socioeconomic benefits, although the term is given differing colorations in the nine countries covered, viz.: USA, Canada, Finland, Norway, Sweden, Australia, Chile, Brazil, and Mexico.

11. The “Green” study observes that countries which have advanced on adopting GPP policies and practices have done so in the context of a solid legal basis, requiring utilisation by public organisations, and a strong scientific-institutional capacity in order to determine what constitutes “green”. In addition, public organisations have used the concept of whole life (LCC) as a way of capturing the costs and benefits of GPP, although there is no rigorous tracking of overall fiscal costs and benefits of its adoption. Besides, there has been no accompanying analysis of the impacts on the competitiveness of industry/suppliers.

12. The “Green” study admits it only “scratches the surface” of sustainable procurement, given that the field is rapidly evolving, with more governments showing interest therein, and with more concrete experiences emerging. The material will thus be updated as and when additional information becomes available.

13. For each country covered, the “Green” study is organised in sections, viz.: (i) Policy Framework; (ii) Programmes, Sectors, and Products; (iii) Principles, Practices, and Standards; (iv) Metrics, Indicators, and Other Data; (v) Best Practices/Lessons Learned. There are also three Annexes on background information. The case of the USA is used here as an example.

14. In the USA, “green” procurement is defined as the purchase of environmentally preferable products and services in accordance with one or more established “green” procurement preference programs. “Environmentally preferable” products are those that “have a lesser or reduced effect on human
health and the environment when compared to other products and services that serve the same purpose. This comparison may consider raw material acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance or disposal, of the product or service”. They may include less or non-toxic products, products manufactured with recycled content, bio-based products, products and services that reduce waste, energy efficient products, and products that reduce water consumption.

15. Details of the Environmental Policy Framework of the USA are:

- **Policy Framework**: The Environmental Protection Agency (EPA) develops and enforces environmental regulations. The EPA stimulates market demand for green products and services by buying green products and services through the Environmentally Preferable Purchasing (EPP) program. The Federal Acquisitions Regulation (FAR) requires all federal procurement officials to assess and give preference to products and services that are environmentally preferable.

- The Office of Acquisition Management (OAM) handles contracting and related activities to fulfill the EPA’s mission, and manages and supports the Procurement and Contracts Management Program’s Policies, Procedures, Operations, Contract Planning, Awards, Administration, and Closeouts.

- Two Executive Orders (EO 13514 and EO 13423) require federal agencies to purchase environmentally preferable products and services.

- **Programs, Sectors, and Products**: Several green programs have been implemented, including: (a) EPA’s Comprehensive Procurement Guidelines (CPG) Program; (b) the Environmentally Preferable Purchasing (EPP) Program; (c) the ENERGY STAR Program; (d) the “Buy-Recycled” Program; (e) the Affirmative Procurement Program; (f) the WaterSense Program; and (g) the Federal Energy Management Program (FEMP).

- The sectors to which green purchasing applies are: Energy; Water; Industries, Construction, Machinery, Chemicals; Transport; Solid and Hazardous Waste; Agriculture; Health Care; Mining; Tourism; Wood and Furniture.

- The products to which green purchasing applies are: Recycled content products; Energy Star and energy-efficient products, energy-efficient stand-by power devices; Alternative fuel vehicles/alternative fuels; Bio-based products; Non-ozone depleting substances; EPA Priority Chemicals; Waste reduction plans; Construction materials; Cleaning products; Non-toxic non-emulsifying floor cleaner products; Replacement of organic solvent baths with aqueous parts washers.

- **Principles, Practices, Standards**: In view of the considerable expenditure of Federal Agencies (USD 265 billion: 2002), the inclusion of environmental considerations in purchasing decisions on government
procurement and contracting processes can enhance the implementation of GPP principles. Among the approaches:

- **Responsible Purchasing** includes considerations for the environment, social aspects, and price, performance, and availability. Environmental qualities are specified under product-specific attributes, process-specific attributes, manufacturing-specific attributes, and life-cycle perspective. Responsible Purchasing strategies comprise written policies, cooperative efforts, price preferences, life-cycle costing, best value purchasing, green teams, vendor outreach, approved product lists, eco-labels, incentive programs, employee training, plagiarising, piloting of projects, and measuring results.

- **Implementing Green Policies for Energy Efficiency**, whereby the EPA has issued guidelines that identify mechanisms for establishing effective GPP policies, tools and specifications. Various local governments are at different levels of the implementation process, either by establishing policies, or incorporating energy-efficient product procurement goals into planning documents. Their strategies include the following: Allowing price flexibility; Establishing price preferences; Requiring life-cycle cost accounting; Ensuring the clarification of energy-efficient product procurement language; and, Focusing on life-cycle costs for energy-efficient products (for their lower energy and lower maintenance costs).

- **Integration of Green Purchasing into Environmental Management Systems**, whereby EMS (17 elements of which conform to ISO 14001 [1996] Standard), serve to reduce the government’s environmental footprint and improve GPP implementation. As a result, Federal facilities have developed and implemented EMS.

- **EPP Program Principles** cover five aspects, viz.: (i) Environment + Price + Performance = EPP; (ii) Pollution Prevention; (iii) Life-Cycle Perspective/Multiple Attributes; (iv) Comparison of Environmental Impacts; and (v) Environmental Performance Information.

- **Best Value** as regards paying a higher price (a “reasonable” price premium) for better performance or quality.

- **Metrics, Indicators, and Other Data**: Statistical information has been compiled to illustrate key environmental data on energy usage, cost, and green savings. Among these: the value of green purchasing compared to GDP [20%]; energy consumption by sector [Industry: 25%; Transportation: 27%; Buildings: 48%]; reductions in consumption arising from utilising recycled materials [Energy: 95%; Water: 50%; Air Pollution: 95%; Water Pollution: 97%]; energy savings from utilising energy-efficient products [10%]; savings on utilisation of ENERGY STAR-qualified products [Energy consumption: 25 – 50%; consumer energy costs: 90%]; reduction in greenhouse gas emissions when conventional products (100 incandescent light bulbs) are replaced by energy-efficient ones [70,000 lb of CO2 emissions]; energy efficiency generates more economic activity than the payment of energy bills [for every dollar spent
in local economies, energy efficiency generates about $0.55 to $0.85 more economic activity].

- **Best Practices/Lessons Learned:** This section covers a Case Study of the City of Santa Monica, California. The objective was to identify and purchase items (environmental cleaning products) that minimise the burden on the environment and human health. The overall lessons learned with respect to policies and procurement procedures are:
  
  o Work with existing purchasing procedures
  
  o Look for ways to improve purchasing policies and systems
  
  o Approach environmental purchases one step at a time
  
  o Address the entire purchasing process as a system, rather than focussing on just the product
  
  o Create partnerships between environmental and procurement staff
  
  o Enlist the support of both high-level officials and end-users
  
  o Recognise and utilise the specific expertise of end-users
  
  o Keep staff with purchasing power aware of policy changes
  
  o Expect a certain amount of resistance to change and scepticism about alternative products
  
  o Investigate third-party certification and other ways to verify vendor information
  
  o Train staff in how best to use alternative products
  
  o Track specific purchasing information by computer, if possible.

16. The study on **Public Procurement of Energy Efficient Products** defines energy efficiency (EE) as the reductions in energy use to deliver the same service or output, and involves decreasing the energy loss during production, supply, and consumption.

17. The need to adopt EE results from observations that global energy consumption has grown exponentially. According to the IEA, global energy demand will grow 40% from 2010 to 2035 (i.e., 12,150 to 16,950 Mtoe). About 90% of this increase will come from developing countries, whose urbanisation, industrialisation, and provision of basic services will put strains on existing energy infrastructure. This, coupled with the substantial rise in the middle class of emerging economies (China, India), the high cost of oil, and the volatility of fossil fuel pricing, means that alternative solutions have to be found to bridge the gap between supply and demand. For, increasing energy production can only offer a part of the solution.
18. Indeed, a considerable part of the energy demand problem has to be solved through a substantial boost in global energy efficiency, by minimising economic losses and operating costs, thereby decreasing the overall costs of economic development. Further, EE is good for the environment, by its conservation of resources, reduction in local pollution, improving the ability to adapt to climate change, reducing peak demand, and shrinking the carbon footprint of the energy sector. Besides, EE is among the lowest cost measures to mitigate greenhouse gas (GHG) emissions.

19. The EE study observes that the public sector represents a strategically important market for energy efficient goods, because 12 to 20% of a country’s GDP passes through its public procurement systems. Since governments often purchase in large quantities, this can have a catalytic effect on local markets, while offering consistent and stable demand for new and emerging technologies.

20. The study assesses global experience with Energy Efficient Purchasing (EEP) as a tool to help governments improve the efficiency of their facilities and public services. Many government jurisdictions are adopting policies that require or encourage the procurement of energy efficient products by public agencies. However, despite these initiatives, challenges exist, notably:

- A lack of incentives due to budgetary restrictions, split incentives, etc.;
- Limited financial resources needed to pay for the higher upfront costs of more energy efficient equipment, or to finance purchases to amortise these costs;
- Restrictive policies and procedures, which make procurement, budgeting, and new approaches more difficult;
- Behavioural inertia of a risk-adverse public sector, used to the status quo;
- No, or poor access to information and institutional knowledge about EE opportunities, implementation options, certified energy efficient equipment, life cycle costing, etc.
- Weak governance, which can introduce new challenges when governments pay a premium for energy efficient products.

21. Although most EEP policies strongly encourage public agencies to procure EE products, a small (but growing) number directly mandate it. The latter approach sees a greater and more rapid increase in EE adoption and market transformation processes. The range of EE approaches and policy types include:

- Product-specific (e.g., energy efficient fleets);
- Product bans (e.g., disallowing purchase of incandescent bulbs);
• Overall EEP policies (generally covering all products with EE labels or other appropriate certification);

• Broader green or sustainable procurement policies (where building equipment must meet EEP requirements); and

• Policies that encourage or mandate the use of best value analyses when awarding bids (which look at a product’s life cycle costs, LCC, and favour EE products).

22. The study suggests that EEP is increasingly becoming subsumed within the broader GPP policies, where EE is only one indicator among many others (e.g.: recycled content, no toxic inputs, low carbon footprint). Such developments have mostly been mutually beneficial, as energy savings help to offset the high upfront cost of GPP, while a stronger attention to environment helps promote EEP. However, GPP’s lack of a universal definition or well-established parameters make product comparisons, LCC analyses, certification and results reporting significantly more complex.

23. The study, covers 10 case studies (developed for: Australia, China, the EU, India, Japan, South Korea, USA, in addition to the localities of Portland [Oregon, USA], Vancouver [Canada], and Vienna [Austria]), together with interviews with 50 EE experts.

24. The study examines the issues of: (a) why EE is important, and why the public sector matters; (b) typical barriers to EE in the public sector, and common policy and program interventions used to overcome them; (c) EE procurement policies and trends; (d) common approaches and tools related to government procurement programs for EE products; (e) additional details on various operational aspects of establishing a policy and/or program, institutional set-ups, product testing and certification, training and outreach, behavioural issues and incentives to overcome them, partnerships, and program tracking and reporting; (f) alternative procurement strategies and options; and (g) conclusions and recommendations.

25. The study observes as follows:

• **EEP remains a popular instrument** being implemented or considered in many, mostly developed and middle income countries.

• There are a **growing number of EEP programs in developing countries.** While some countries have sought to move directly to GPP, most others developed EEP programs first and some are now working to transition them to broader GPP initiatives.

• There is **substantial anecdotal information on the benefits of EEP programs**, which have saved governments millions in energy costs, since many programs are based on cost-effective, best value analyses for their purchases.
Despite a variety of efforts and approaches, most governments do not have explicit enforcement mechanisms to ensure that all purchases meet the policy mandates. Governments that monitor purchases generally showed less than 100% compliance.

Few programs fully account for the costs or track impacts of such policies or programs. While many governments track the number of products purchased, almost none have detailed assessments of the total cost savings, energy/CO2 savings, or broader impacts on the market. Without such systematic monitoring, an objective analysis of program performance is not possible.

There are a wide variety of existing resources to assist developing countries in establishing such programs, including: EE/LCC calculators; online training materials; technical specifications; testing protocols; labels; sample bidding document language; etc. For countries getting started, such materials can greatly reduce program development costs and facilitate a quick program launch.

26. The study concludes that EEP policies and programs can be an effective way to promote energy efficient products, by leveraging a government's purchasing power and influence. As countries improve enforcement and tracking efforts, enhanced methods will be developed and tested, providing models for adaptation and application elsewhere.

27. The study identified several common strategies and approaches to facilitate EPP policies, programs and practices (i.e., how EE products are actually identified, specified, or given preference in the procurement process), viz.: efficient product labelling, catalogues of technical specifications, LCC analyses, product preferences, and qualified product lists. Combinations of these strategies and approaches were used in the 10 case studies.

28. The study recommends that, to ensure EEP success, governments should use a holistic approach, from policy development and planning, to tools and outreach, and to tracking. The most critical elements of EEP success relate to:

- establishing a clear policy;
- supporting tools to help lower transaction costs (e.g., labels, LCC calculators, qualified product lists);
- creating incentive to address financial gaps, and behavioural resistance;
- strong institutional set-ups;
- robust testing and certification;
- training and outreach;
- strategic partnerships; and,
29. The study opines that, ultimately, EEP policies seek to alter the decision-making processes of public procurement procedures. Emerging expert consensus has it that strategies that create EEP as the default option (whereby a public agency must purchase the EEP product unless it can provide justification for not doing so) are most effective. This requires proper planning and reporting requirements, as well as specific guidance and supporting structures (e.g., tools, training, adequate staffing and budgets, etc.) to assist procurement and technical officers to implement EEP, from market assessments, to benchmarking, to bid solicitation and evaluation.

30. The collective experience with EEP programs indicates that challenges remain, e.g., (i) LCC analyses are complicated to conduct; (ii) product types may change faster than EEP certification; (iii) competition requirements inhibit proprietary and new technologies; and (iv) public agencies still assume product performance risks. Options for addressing these include:

- Requirement for bidders to submit bids based on LCC;
- Output-based procurement, where the lowest net present value (NPV) offered to achieve a desired output (e.g., lumen output per square metre for lighting) is selected;
- Product competitions and challenges with guaranteed government purchases;
- Product warranties that cover energy use;
- Performance-based warranties with deferred payments;
- Energy supply contracting, where key services (e.g., heating, cooling) are outsourced to the lowest bidder; and
- Energy savings performance contracts, where retrofits, capital upgrades and maintenance can be outsourced to an energy service provider (ESCO) and paid for from energy savings.

31. In 2010, the WB and IFIs provided investments worth USD 105 billion to developing countries to support their economic development goals. Since a bulk of these funds goes toward the purchasing of goods and equipment, a huge opportunity for leadership is offered to WB and IFIs in this area. Indeed, EE and other standards adopted by WB and IFIs can have a catalytic effect on global supply chains and manufacturing. Such initiatives also fit well with the new “green growth” agenda being put into operation by WB, which recognises that economic growth without attention to resource efficiency, inclusion, and resilience is not sustainable.
32. Given the foregoing, the EE study exhorts WB and IFIs to incorporate some simple steps into their procurement planning for energy-using equipment. These include:

- Indentifying key energy-using goods to be purchased under projects (e.g., water/steam pumps, office equipment, lighting, vehicles).
- Work with local counterpart agencies to develop technical specifications, covering EE performance requirements, and verify there are sufficient qualified suppliers.
- Conduct LCC analyses to assess the cost-effectiveness of various models/technologies to select the most advantageous one.
- Require equipment certifications form accredited laboratories, or commission testing upon receipt of the goods to ensure compliance with the bid specifications.
- Monitor the energy savings and, if satisfied, disseminate the specifications within the country, within WB and other IFIs.

33. And finally, for countries that are initiating or developing an EEP policy or program, the study suggests the following steps:

i. Gain political buy-in on EEP concepts, focussing on key drivers, such as ensuring best value for money, leading by example, and helping to transform markets.

ii. Develop a voluntary EEP policy first, to allow the mechanism to be tested, with strong components on outreach and dissemination.

iii. Begin with a small set of products, in order to build a reputable EEP program. Where possible, rely on existing, credible labelling schemes.

iv. Develop program infrastructure, such as institutional set-ups and targets, as well as supporting measures (e.g., tools, training, and incentives).

v. Look for strategic opportunities to partner with other jurisdictions, bundle procurements to achieve better pricing, liaise with manufacturing associations, and involve NGOs to broaden impacts and improve program effectiveness.

vi. Track and monitor the EEP policy to measure participation rates, track and report results, and assess broader market impacts. Disseminate results to politicians, employees throughout the jurisdiction, and the public to gain their support.

vii. As experience is gained, make the EEP policy mandatory. Appropriate enforcement mechanisms need to be established to ensure full
compliance. Consider making procurement of EE products the default option.

viii. *Update technical specifications* and introduce new products as the EEP policy matures in order to deepen impacts. Consider expanding EEP to resource-saving areas, such as water conservation, recycled content, etc.

ix. *Test new procurement methods* in order to further increase the impact and improve the effectiveness of EEP efforts.

### III. APPLICABLE LESSONS

34. The finalised versions of the three WB studies [i. *Sustainable Public Procurement in LICs*; ii. *“Green” Procurement in Selected Environmental Policy Frameworks*; and, iii. *Public Procurement of Energy Efficient Products*], will clearly be relevant to the future reviewing exercise of the Bank’s procurement rules and documentation. The Bank must therefore follow further developments on the studies with much interest.

35. In terms of additional studies or efforts to be made, the Bank may wish to adopt and adapt the following AsDB publications into its own repertoire of procurement documentation, viz.: *ESRP – A Reference Guide for Better Practices*; and *The Strategic Importance of Public Procurement*. 
LIST OF REFERENCES/RESOURCES


Environmentally Responsible Procurement (ERP) [17 October 2013] www.adb.org/.../environmentally-responsible-procurement Cached

Environmentally Responsible Procurement (ERP) [17 October 2013] web.worldbank.org/WBSITE/EXTERNAL/.../EXTCORPPROCUREMENT/... Cached

The Strategic Importance of Public Procurement [17 October 2013] adbprocurementforum.net/?page_id=1930 Cached


Integrating Sustainable Consumption and Production in Government Operations – Including Sustainable Public Procurement [17 October 2013] esa.un.org/marrakechprocess/pdf/Issues_Sustainable_Public... · PDF file


International Sustainable Public Procurement Initiative (SPPI) [17 October 2013] www.unep.fr/scp/procurement/docsres/ProjectInfo/SPPIConcept.pdf · PDF file


Procurement and Development Effectiveness [17 October 2013] www.eurodad.org/uploadedfiles/whats_new/reports/literature%20... · PDF file