

Interreg Project id. NWE0100092

DeCarb-Pro

Decarbonise public procurement in NWE – account for the future

Deliverable 1.2.1

Framework for determining the needs

June 2024

DeCarb-Pro partnership

Climate Alliance Netherlands (Lead Partner) | Climate Alliance | South East Energy Agency (SEEA) | Municipality of Amsterdam | City of Essen | City of Paris | Arnhem-Nijmegen Green Metropolitan Region | Foundation HIER Klimaatbureau | Strasbourg Eurometropolis | Climate Agency Wiesbaden | Flux50 | Climate Agency Strasbourg

Table of content

Executive Summary 2

Introduction..... 3

Needs of local authorities for a proper application of carbon pricing into public procurements..... 4

Appendix 7

Executive Summary

Determining the policy framework and the differing capacities, resources and responsibilities in small, medium and large local authorities is crucial to appropriately define their needs for the integration of carbon pricing into public procurements.

This deliverable aims to develop a framework structure to integrate carbon pricing into public procurement, in the meaning of aspects and key components need to be included and have to be considered.

For this purpose, authors screened, identified and consolidated the current literature available, and gathered info through a survey (see Appendix) sent to all partners. After filling out the survey, Klimaatverbond and Climate Alliance held interviews and a dedicated workshop with all project partners, to go deeper into certain topics and answers.

Six main components linked with all the steps of a procurement process based on carbon pricing have been identified, such as 1) political vision of the administration; 2) legal and policy framework for carbon pricing, public procurement and emission reduction; 3) planning, organization and coordination of procurement and projects; 4) internal resources, skills and expertise; 5) learning from inspiring examples; 6) raising awareness and engagement. For each component, specific needs crucial for a successful implementation have been further identified and generally described.

The results of this investigation will feed into deliverables *D.1.2.2 Potential integration of CO₂ pricing in LAs procurement – Needs of LAs of differing sizes*, *D.1.2.3 Conclusions on the level of differentiation needed*, and *Activity A.1.4 Develop a common strategy: How can LAs include carbon pricing in procurement activities*.

Introduction

Determining the policy framework and the differing capacities, resources and responsibilities in small, medium and large local authorities is crucial to appropriately define their needs for the integration of carbon pricing into public procurements.

To identify this framework for needs, Klimaatverbond and Climate Alliance first compiled a survey (see Appendix), which was sent to all partners. The aim of the survey was to gather information on the current practices and experiences of all the governmental organisations in or linked to the DeCarb-Pro partnership. The survey consisted of four main sections: 1) baseline emissions inventory and monitoring; 2) carbon pricing; 3) procurement; and 4) organizational context. After filling out the survey, Klimaatverbond and Climate Alliance held interviews and a dedicated workshop with all project partners, to go deeper into certain topics and answers.

We identified the following main components of the local decision making process to enable the use of carbon pricing into public procurement (see Figure 1):

1. political vision
2. legal and policy framework for carbon pricing
3. planning and coordination of procurement projects
4. internal resources, skills and expertise
5. learning from inspiring examples
6. raising awareness and engagement.



Figure 1 Main components of the local decision making process to enable the use of carbon pricing into public procurement

Specific needs crucial for the successful implementation of each component have been further identified and generally described.

Needs of local authorities for a proper application of carbon pricing into public procurements

Political vision

- **Fostering political will and commitment.** Before considering carbon pricing approaches, the initial step involves the city council acknowledging the carbon emission problem and the urgency to mitigate it. Following this, a comprehensive climate and energy strategy should be developed, with carbon pricing as a key measure.
- **Recognizing carbon pricing as a crucial opportunity towards carbon reduction.** It is essential that the city council and the policy makers acknowledge carbon pricing role as a vital tool for accelerating the transition towards reducing GHG emissions. It would be ideal to start with a clear and brief description of carbon pricing, benefits and possible approaches to implement it, targeting all policy makers and civil servants involved in all steps of procurement processes and project management.

Legal and policy framework for carbon pricing

- **The EU procurement legislation should be equally implemented in all EU member states.** The national implementation of EU procurement legislation aims to ensure a consistent and fair approach to public procurement across all member states. This consistency is crucial for maintaining a single market and promoting competition, transparency, and efficiency within the European Union. Member states have different priorities regarding climate policy and public procurement. Some countries may prioritize carbon pricing, while others may focus on other aspects of sustainability, creating variability in the adoption and implementation of carbon pricing.
- **Clear legal frameworks addressing political barriers** (eg lack of political support from local representatives, non-supportive energy agencies, no RES support schemes, lack of national strategies for energy communities and targets). By providing legal clarity, standardizing approaches, and engaging stakeholders, the EU can move towards a more sustainable procurement system properly aligned with EU energy and climate goals.
- **Reliable national standards and LCA factors.** These elements ensure consistency, accuracy, and credibility when measuring and managing the carbon footprint of procurement activities (eg standardized national carbon pricing guidelines for local authorities based on widely accepted methodologies and frameworks).

Planning and coordination of procurement and projects

- **Well-coordinated approach across various city departments involved in the whole process.** Establishing a collaborative internal management structure is crucial to ensure consistency,

effectiveness, and alignment with the city's broader sustainability goals. Key departments are: Procurement Department (leading the practical implementation in procurement processes), Energy/Environment Department (provide expertise on carbon pricing, GHG emissions calculation/monitoring, and environmental impacts), Finance Department (assess budgetary implications and ensure financial compliance), Legal Department (ensure all measures comply with relevant laws and regulations), Economic Development Department (engage with local businesses and stakeholders), Public Works and Infrastructure Departments (incorporate carbon pricing in relevant contracts)

- **The integration of carbon pricing into public procurement processes requires not only internal coordination within city departments, but also technical support from regional authorities.** Regional authorities can provide valuable expertise, resources, and coordination to help cities effectively implement carbon pricing. This would help to ensure legal and regulatory compliance and the establishment of a regional support framework.
- **Ensuring the proper application of carbon pricing from the initial decision-making process until the monitoring process of the project.** By integrating carbon pricing into every stage of the public procurement process, from decision-making through to monitoring and continuous improvement, local authorities can ensure that their procurement activities contribute effectively to their GHG emissions reduction goals.
- **Clear understanding on general opinions and perspectives on carbon pricing.** Carbon pricing is a topic of diverse opinions, influenced by environmental, economic, and political perspectives. A general overview on the level of acceptance both internally (policy makers, civil servants) and externally (market players, citizens, stakeholders) would be helpful to understand the possible reticence for the implementation of carbon pricing, useful to plan further common solutions to overcome the barriers.

Capacity building and tools available

- **Build internal skills and expertise.** Introducing carbon pricing in procurement adds complexity to the procurement process. Contracting authorities require additional training activities and resources (e.g. peer to peer exchanges based on specific topics) to effectively incorporate and manage these criteria. It would be ideal to start explaining why to use carbon pricing in the procurement process instead of wider sustainability criteria, and then delve into all aspects related with carbon pricing, public procurements and CO₂ monitoring.
- **Access to a scientifically validated and standardized carbon price.** It can be aligned with national carbon pricing policies or systems (eg carbon taxes or ETS programs), or based on international official values (eg IPCC, World Bank). This would also help to ensure the carbon price remains relevant and effective over time.
- **Combination of specific tools and methodologies to ensure accurate, transparent, and effective integration of carbon pricing into public procurement (and to measure, calculate, and manage carbon emissions effectively).** By utilizing carbon footprint calculators, LCA

software, Environmental Products Declarations (EPDs), carbon pricing models, sustainable procurement platforms, environmental criteria databases, data management tools, and training resources, public authorities can ensure that carbon pricing is accurately and effectively incorporated into their procurement processes. These tools not only facilitate compliance with environmental policies but also promote sustainable and innovative procurement practices.

- **Clear matrix matching the calculation of CO₂ emissions and CO₂ reduction in procurement processes.** This matrix would help guiding procurement decisions and the implementation and further monitoring of projects. By using it, local authorities can make procurement decisions that support their sustainability goals, effectively reduce CO₂ emissions, and encourage suppliers to adopt greener practices.

Learning from inspiring examples

- **Learning from inspiring examples from other local authorities.** Several public authorities in EU have successfully integrated carbon pricing into their public procurement processes. These examples can provide valuable insights and best practices for other local authorities looking to implement similar measures.
- **Recommendations on how to improve innovation in the procurement process.** To develop an innovative-friendly procurement policy which include carbon pricing, local authorities would benefit by recommendations on how to engage with the market fostering collaboration, how to implement outcome-based procurement using innovative methods, how to monitor and evaluate innovation, and how to encourage a culture of innovation in public procurement processes.
- **Examples and recommendations on how to legally embed carbon pricing into procurement documents.** Legal documents must be clear, enforceable, and aligned with existing legal frameworks in all phases of the process (eg non-compliance with the carbon pricing requirements may result in penalties, including financial deductions, contract termination, or disqualification from future procurement processes).

Raising awareness and engagement (internal and external)

- **Establish incentive programs to stimulate and encourage adoption of carbon pricing and ensure successful implementation.** Several strategies can be applied, targeting both market players and local authorities, such as financial incentives (eg grants, subsidies for green technologies), training and technical support programs, strategic initiatives (eg pilot programs, collaborative projects), policy and regulatory support, communication and advocacy (e.g. public awareness campaigns, stakeholders' engagement).
- **Carbon pricing ambassadors at the local level promoting the idea.** Launch campaigns targeting the public and main stakeholders to raise awareness about the benefits of carbon pricing in procurement to lower the city emissions. Local ambassadors can be crucial to

showcase key components, success stories and the positive impact of carbon pricing through community events, local media, social media, etc.

Appendix

Survey to gather information among DeCarb-Pro partners on LAs needs is [accessible here](#).