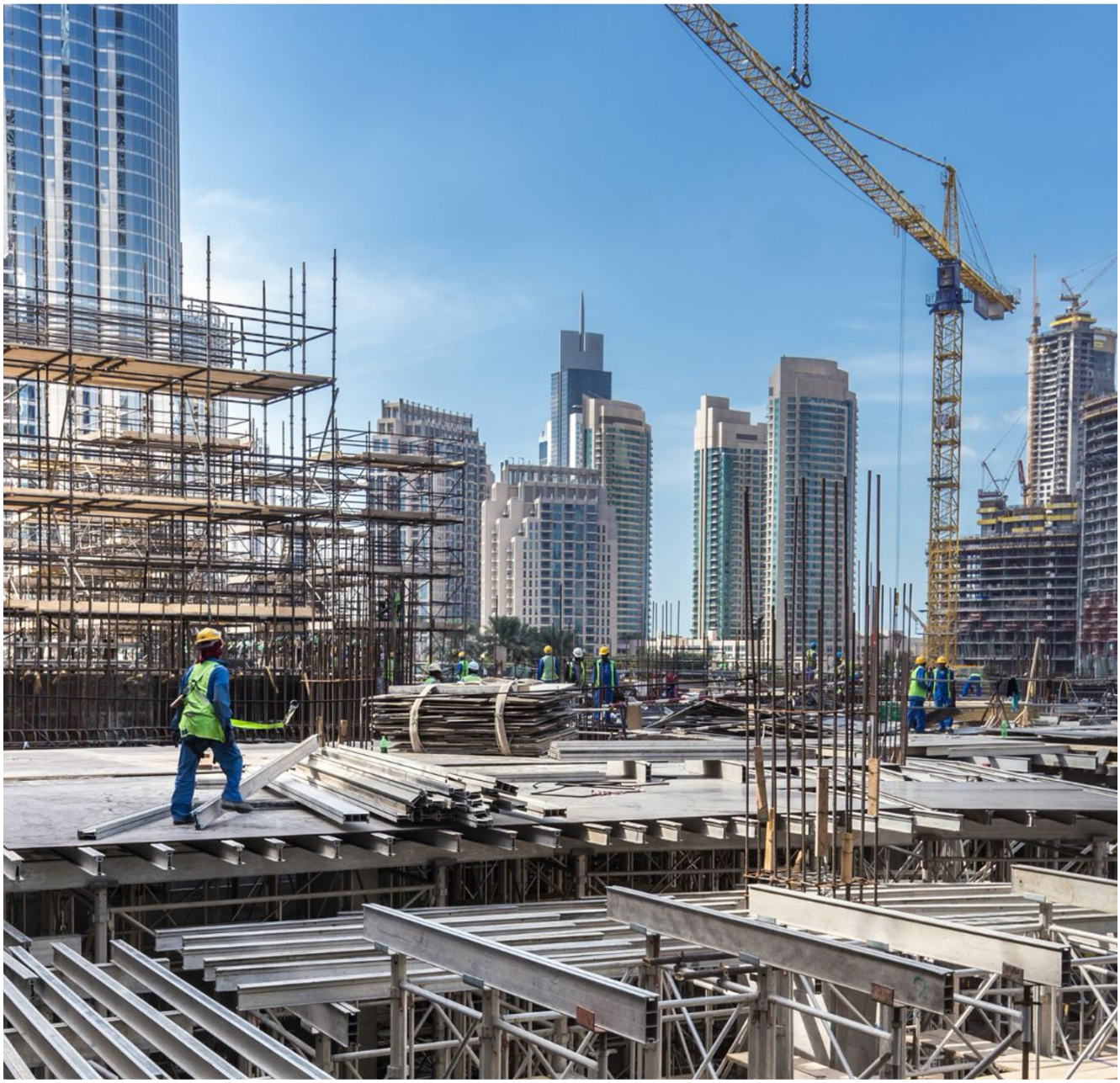
INDUSTRIAL DEEP DECARBONISATION
AN INITIATIVE OF THE CLEAN ENERGY MINISTERIAL

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION
Progress by innovation

GREEN PUBLIC PROCUREMENT GUIDE

Preliminary Consultations: Assessing jurisdictional readiness to begin procuring low emission materials for construction projects



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About

The Industrial Deep Decarbonization Initiative (IDDI) is a coalition of governments and private sector, academia and civil society creating an enabling environment for industrial decarbonization through:

- aggregating green public procurement commitments to create early markets for low and near-zero emission construction materials, and
- supporting the harmonization of standards, and creation of definitions for low and near zero emission steel, cement and concrete.

In 2022 IDDI launched the Green Public Procurement Pledge, which sets out four levels of commitment to the procurement of low and near-zero emission steel, cement and concrete in public construction projects. A Statement of Intent was added to the Pledge, providing an on-ramp for governments wanting to signal their intention to explore procurement of low emission materials.

In 2023 at COP28 the governments of Canada, Germany, the United Kingdom, and the United States announced commitments to the GPP Pledge. Before making commitments, each government conducted consultations to seek feedback from stakeholders and assess the implications of setting procurement requirements for low and near-zero materials in public construction projects. This guide includes a summary of the four government's consultations, and key takeaways from what they learned.

This is the first of a series of guides that will be published to support implementation of the IDDI GPP Pledge. Collectively the guides will cover the main implementation steps of setting commitments, updating procedure manuals, and considering market readiness.

It is assumed that governments contemplating setting Pledge commitments have their own established consultation processes. This guide provides a short list of recommendations for consultation development that are particular to procurement of low emission construction materials.

Goals and outcomes for consultations

Each government considering a commitment to the GPP Pledge undertook consultations tailored to its national circumstances and current policy environment. Canada and US leveraged recent consultations for development of Buy Clean policies, while Germany and UK held consultations more broadly focussed on decarbonization policies, that included green public procurement.

- Government of Canada's consultations were undertaken in support of implementing **2020 commitments in its** Greening Government Strategy to purchase low embodied carbon construction materials, and included a public Request for Information process, targeted focus groups and internal consultations with procurement and environmental experts. A subsequent Standard for Embodied Carbon in Construction was issued in 2022.
- The German Federal Ministry for Economic Affairs and Climate Action initiated a stakeholder consultation process regarding the **definitions of steel and cement emissions intensity thresholds** and held an internal technical workshop on integrating commitments into their procurement practice to inform decisions for procurement policy development. A summary report of the public process was released: Lead markets for climate friendly raw materials.
- Government of the United Kingdom launched a formal public consultation process on several potential **policy actions to reduce the risk of carbon leakage and support decarbonization**. Alongside the IDDI GPP Pledge, mandatory product standards (MPS), a carbon border adjustment mechanism (CBAM), and other policy measures to support the expansion of the low-carbon product market were consulted on. A Summary of consultation and government response made commitments to meet level 3 of the IDDI GPP Pledge, as well as implement an Embodied Emissions Reporting Framework and Voluntary Product Standards based on further technical consultations.
- The Government of the United States leveraged consultations for the development and implementation of the US Federal Buy Clean Initiative and included Requests for Information, **collaboration with State, local, and Tribal governments**, and extensive targeted stakeholder engagements. Consultations informed a General Services Administration (GSA) pilot program implementing interim requirements for the procurement of substantially lower embodied carbon construction materials in GSA projects, plans for a Label Program for Low Embodied Carbon Construction Materials, nearly $160 million in grants that will be awarded to help US manufacturers disclose the environmental impacts associated with concrete, steel and other materials, and a Request for Applications issued by the Federal Highways Authority to dispense $1.2B in grants for the development of low carbon transportation materials.

Governments may be contemplating setting GPP commitments to support goals for net zero public infrastructure, for industrial decarbonisation, or for both.

Regardless of the mandate, for the purposes of the GPP Pledge, desired outcomes of consultations will be common, including: an assessment of the readiness of both the market and the government's construction procurement function to meet or adopt proposed new requirements.

Identifying key stakeholders

While approaches to consultations varied across governments, similar stakeholder groups were consulted.

Primary stakeholders

- Policymakers across multiple branches of government (e.g. construction, procurement, treasury, industry, trade, infrastructure, energy, and environment)
- Trade associations from steel, cement, and concrete sectors
- Cement and steel producers as well as concrete companies and steel fabricators
- Building codes and bylaw regulatory bodies and standards associations
- Practitioners of construction procurement and project management
- Technical experts from within and outside of government (environmental specialists, engineers, architects, Life Cycle Assessment (LCA) practitioners)

Other interested parties

- Innovators
- Civil society
- Academia
- Private citizens

Public procurement of low emission construction materials has a broad yet specific set of stakeholder groups to be considered when planning consultations.

- Government procurement of infrastructure may be decentralized across department-specific mandates and therefore there may be teams in different divisions (e.g. government operations, roads, housing).
- Requirements for low emission construction materials may also be under consideration for building codes.
- Multiple tiers of the product supply chain are implicated. Steel fabricators and concrete suppliers who deliver products to the construction site will need to work with their raw material suppliers to ensure certification of end products, and to develop supply chains.
- Whether internal to government or commissioned from the private sector, architects and engineers are critical to the application and selection of low emission materials in construction projects.
- Consultants who have recognized expertise in LCA and low emission materials and products are increasingly forming a key part of construction design teams.
- Low emission materials may come from non-traditional industries. Clean tech R&D channels can be used to consult with innovators.

Survey questions

Because the four governments had differing goals for consultations, the types of questions asked to prompt feedback varied, but all were designed to assess the readiness of the market and the procurement function.

Types of questions asked of industry might include:

- How ready are [cement, concrete, steel] suppliers to provide low emission materials?
    - What products are currently lower in embodied emissions than industry average? What innovations are under development? What is the industry's plan and timeline to get to near zero material production?
- How ready are suppliers to provide certifications for their low emission materials?
    - Are they creating EPDs? Are they measuring or reporting emissions and other environmental impacts at their facility? Do their trade associations have knowledge of, or support for, measuring emissions or creating EPDs?
- How much demand is there currently for low emission materials?
- Are current demand signals enough to give confidence in investing in decarbonisation?
- How ready are architects, engineers and builders to design with, select and install low emission materials?
    - What percent of architects and engineers have experience with green construction? How many have knowledge of life cycle assessment and EPDs?
    - Do current buildings codes permit the use of low carbon materials, or are there other technical barriers to the use of these materials?
- What are the related market opportunities and barriers to success in all sectors?

Questions for internal stakeholders might include:

- How ready is the government's construction procurement practice to implement new requirements?
    - Is there existing policy in place that covers the Pledge commitments?
    - If not, are there any impediments to enacting new policy commitments?

Stakeholder feedback

Overwhelmingly, feedback to consultations was positive and most stakeholders were in support of green procurement commitments, recognizing their importance to building new low carbon markets, and to climate action more broadly.

Some overarching themes emerged from feedback:

- **Fairness**: Align and improve the standards used for low emission materials, and the underlying data required. Adhere to international Trade Agreements and follow public procurement principles to be fair, open, and transparent.
- **Vision**: Give advance notice, start with pilots, and ramp up over time. Align policy timelines with industrial decarbonization roadmaps.
- **Support**: Minimize administrative burden and offer implementation support for both buyers and suppliers.
- **Performance**: Safety and functional performance must come first in material selection.

Summary

It is estimated that governments purchase approximately 25% of steel and 40% of cement globally to build infrastructure projects. Setting procurement commitments such as those in the IDDI GPP Pledge sends strong demand signals for low emission construction materials. Collectively, through the IDDI GPP Pledge, private sector procurement campaigns such as First Movers Coalition, SteelZero and ConcreteZero, and new regulatory requirements in the EU, demand for low emission materials is growing exponentially and industry is responding. Decarbonization of construction materials and products, and certifying products for procurement, is new and complex. It is also sensitive because it affects multiple actors along the supply chain and requires new B2B cooperation. It is as much a change management process as a decarbonization process.

Preliminary consultations will inform the implementation of GPP Pledge commitments to procure low emission steel and concrete, and they can also be the start of an important multi-stakeholder dialogue which will be critical to the success of decarbonizing supply chains.

The goal of preliminary consultations is to **assess market readiness** for the supply of low emission materials, and identify **how to implement new requirements in existing construction procurement practices**. When identifying the stakeholders for the consultation, it is advised to **consider the whole supply chain** and **seek internal feedback across all related departments** on the implications of proposing new green procurement policy or procedures.

For more information about the IDDI GPP Pledge please contact us at iddi@unido.org.

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