

ENVIRONMENTALLY RESPONSIBLE PROCUREMENT

Introduction

Environmentally responsible procurement¹ is a systematic approach to purchase of goods and services that are thought to be less damaging to the environment than other goods and services that serve the same purpose. ERP requires that purchasing decisions and allocation of contracts be based in part on environmental criteria along with other factors such as price, quality, and availability. Consideration must be given to the total environmental costs throughout the product life cycle – from manufacture, use, and disposal.

ERP in Environmental Assessment

1. Using the Environmental Assessment Process to Strengthen ERP

ERP and environmental assessment are two aspects of an environmental management system. Integration of ERP into environmental assessment processes is a practical way to move ERP analysis to an earlier stage of the project cycle. By incorporating requirements to conduct ERP analyses into the terms of reference (e.g., see Table 1) for the environmental assessment team, opportunities for ERP can be identified and integrated into project design and implementation. The environmental assessment team should work with project design engineers, implementing agencies, and ADB project staff to develop recommendation on ERP specifications. These ERP considerations should be incorporated in the EMPs for specific projects. To ensure that ERP recommendations are carried forward into loan documents, they should be included in environmental assessment reporting requirements.

2. Using ERP to Strengthen the Implementation of EMPs

ERP can be used to strengthen the implementation of EMPs. The principles of environmentally responsible procurement can be extended to include management of and payment for contracts. Procurement documents can be structured to ensure that contractors carry out the environmental mitigation and monitoring programs outlined in the EMP. In particular, payments to contractors should be directly linked to the successful implementation of the EMP. Contractor performance guarantees should be subject to collection for failure to implement the EMP.

3. List of Ineligible Items

ADB uses a list of ineligible items to prohibit the purchase of specific goods and services under program loans. This list includes such goods as alcohol beverages, tobacco, jewellery, nuclear reactors and radioactive materials, military supplies, and hazardous substances. While these lists are essentially “negative lists”, in that they prescribe “what not to buy”, in expanded and enhanced form they would, provide guidance on environmentally inappropriate products”. In any case a list of ineligible items should be included as standard requirements for all ADB loans.

¹ Environmentally Responsible Procurement is still in formative stages at ADB. However, ADB is playing a key role in an MDB working group development approaches, standards, and practices for ERP.

Table 1: Example Terms of Reference for ERP Analysis during Environmental Assessment

- In consultation with project design engineers, implementing agencies and MDB project staff, the consultant shall identify and collect together, in one section of EA report, recommendations for EA specifications during project design and implementation.
 - The consultant shall present all recommended ERP specifications in the greatest detail that is consistent with the project description, and in a form that is suitable for insertion into project bidding documents.
 - Where postponement of the development of ERP specifications is unavoidable due to absence of detail of the project description, the consultant shall specify missing engineering information that precludes the development of ERP specifications, and recommend terms of reference for the next stage of the project that allows appropriate ERP specifications to be identified.
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