



## JOINT STATEMENT ON SUSTAINABLE PROCUREMENT INITIATIVES

### By the Heads of Procurement at Multilateral Development Banks

#### Preamble

The Heads of Procurement (HoP) network of the Multilateral Development Banks (MDBs) was formed over 20 years ago to harmonize their operational policies and practices for the purpose of enhancing economy, efficiency, effectiveness, and fairness across all MDB financed operations. Significant progress has been made, including harmonized procurement approaches and documents. Beyond this, several MDBs have put in place harmonized approaches for mutual reliance arrangements that allow for one MDB to rely on the procurement arrangements of another, in jointly financed operations.

Building on their successful collaboration among MDBs on climate finance, Paris Alignment and mitigation and adaptation finance tracking, the HoPs in mid-2023 created a Working Group on Sustainable Public Procurement (SPP) to develop concepts, strategies and action plans for their activities. Through this, the HoPs seek to actively induce and catalyze environmental, social, economic, and client institutional sustainability outcomes, at both a national public procurement system level and within project operations procurement, as each MDB's mandate permits.

**The following joint statement reflects the HOPs' collective intent on mainstreaming sustainable procurement<sup>1</sup>.**

Global public procurement amounts to over US\$13 trillion annually (or around 15 percent of global GDP)<sup>2</sup> and can play a crucial and strategic role to support achievement of the United Nations

<sup>1</sup> ADB. 2021. Manila. *Sustainable Public Procurement (Guidance Note on Procurement)*. <https://www.adb.org/sites/default/files/sustainable-public-procurement.pdf>.

<sup>2</sup> World Bank Group. *A Global Procurement Partnership for Sustainable Development (An International Stocktaking of*

Sustainable Development Goals (SDG),<sup>3</sup> as well as the priorities identified in our client countries' long term national development plans.

Achieving the goals set out in the Paris Agreement<sup>4</sup> and addressing Scope 3 of Greenhouse Gas Protocol<sup>5</sup> will require governments to decarbonize their economies. Women and other target groups continue to be underrepresented in many supply chains and actions to close gender and inclusion gaps are called for. It is critical that we begin to develop tools and approaches to maximize our chance of rebuilding better than the status quo and laying the groundwork for a prosperous, socially inclusive, gender responsive, just green transition that includes sustainable procurement practices.

Sustainable public procurement is a strategic framework to integrate economic, social, environmental and institutional governance development objectives throughout the procurement cycle. By considering these factors in the project procurement process and by supporting national sustainability reforms, sustainable procurement can bring about transformational change on climate goals, improve environmental performance, improve social diversity, promote gender equality and women's entrepreneurship, increase inclusivity, reduce inequality, support workers' rights, enhance safeguard against sexual exploitation, abuse and harassment, and contribute to market innovation.

To achieve these, MDBs need to support countries to integrate sustainable procurement policies into their legal frameworks and operational processes, and promote them through capacity building, digitalization, and market initiatives. At the same time, public buyers and the business community need to help shape and drive the sustainable procurement agenda within business value chains through knowledge exchange and strong collaboration.

**Using procurement as catalyst for change, the HoPs consider the following priorities for the activities of the Working Group:**

#### **1. Awareness Building, Outreach & Partnership**

- Actively coordinate our sustainable procurement approaches with the international development, business and academic communities, professional bodies, public sector clients, private sector and civil society stakeholders in our regions of operations to foster synergies and alignment in sustainable procurement efforts.
- Engage within our respective mandates, or foster joint engagement where appropriate, to share and exchange knowledge, consult with relevant markets, and

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*Developments in Public Procurement) Synthesis Report.*

<https://documents1.worldbank.org/curated/en/173331642410951798/pdf/Synthesis-Report.pdf>.

<sup>3</sup> United Nations Department of Social and Economic Affairs. <https://sdgs.un.org/goals>.

- To highlight this, within SDG 12: Ensure sustainable consumption and production patterns, there is a specific target (SDG 12.7) committing signatories to 'promote public procurement practices that are sustainable, in accordance with national policies and priorities.'

<sup>4</sup> United Nations Climate Change. <https://unfccc.int/process-and-meetings/the-paris-agreement>.

<sup>5</sup> Green House Gas Protocol. [https://ghgprotocol.org/corporate-value-chain-scope-3-standard#:~:text=The%20Corporate%20Value%20Chain%20\(Scope%203\)%20Standard%20is%20designed%20to,methodology%20C%20company%20size%20or%20structure](https://ghgprotocol.org/corporate-value-chain-scope-3-standard#:~:text=The%20Corporate%20Value%20Chain%20(Scope%203)%20Standard%20is%20designed%20to,methodology%20C%20company%20size%20or%20structure).

support integration in country framework, project procurement design, and decision-making processes.

## **2. Common Approach**

- Integrate sustainability (environmental, social, economic, and institutional considerations) into operations procurement policies and practices. For example, MDBs can send strong signals across markets and managing environmental and social risks in supply chain by undertaking procurement diagnostics relating to sustainable procurement to inform relevant country or project level application, encouraging application of sustainability requirements and appropriate technology in technical specifications, encouraging bidders/tenderers for works projects to provide details of their sustainability approaches in their methodology, their mitigations to key sustainability risks, and by encouraging the inclusion of sustainability-related evaluation criteria and clauses in bidding documents/final contracts to ensure clarity and legal accountability

## **3. Training/Resource & Tools Development**

- Enhance capacity building on sustainable procurement within our own organizations and the operations we finance. Promote grounded sustainable procurement solutions and approaches by combining efforts and sharing existing and newly created knowledge, resources and tools where appropriate.
- Recommend the incorporation, when feasible within respective MDB mandates and policies, of these tools into our country level / project level procurement operations to inform our clients' decision making and procurement outcomes and to support clients with technical assistance, when appropriate.

## **4. Monitoring and Communicating Impact**

- Develop common approaches, when feasible within respective MDB mandates and policies, for monitoring and reporting to track the progress and impact of our sustainable procurement initiatives.
- Enhance public communication about our efforts and initiatives to mainstream sustainable procurement in our operations.

MDBs collectively intend to work with our clients to develop and implement the policies, plans and actions needed to drive the global sustainable procurement transition, leading to a more inclusive, resource efficient, and greener world. Through our joint intent and concerted actions, we aim to drive the transformation of public procurement towards greater sustainability.

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### **Endorsed by:**

ADB, AfDB, AIIB, BSTDB, CDB, CEB, EBRD, EIB, IADB, IFAD, IsDB, World Bank

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