

Climate-smart Public Financial Management MENA Conference

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Cairo, Egypt



Driving Sustainability: World Bank's Green Public Procurement Roadmap for MENA

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PUBLIC PROCUREMENT: IMPACT ON POLITICAL ECONOMY

PUBLIC PROCUREMENT AS A STRATEGIC ENABLER OF ECONOMIC GROWTH AND SOCIAL IMPACT

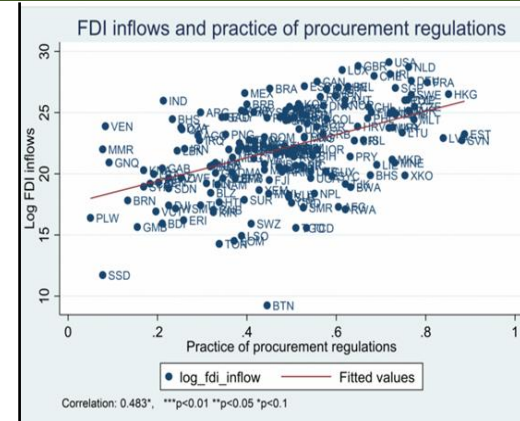
1 GDP & FOREIGN DIRECT INVESTMENT

2 EFFICIENT USE OF PUBLIC RESOURCES

3 JOB CREATION

4 REBUILD TRUST BETWEEN CITIZENS AND THE STATE

5 SUSTAINABLE DEVELOPMENT



Annually ~13% of GDP
40-50 % of public expenditure
in MENA is spent on public
procurement
Good public procurement
practices attract more foreign
direct investment.

Integrating digital solutions
into public procurement
promotes efficiency and
transparency and can result in
savings of up to 2.6% of GDP,
freeing up scarce resources
for governments to invest in
education, health, and other
sectors

SMEs that win government
contracts on average create
two new jobs over the next
two quarters. Public
procurement can bring about
major social benefits for
women as well as youth,
disabled, and other
marginalized groups

Create new social contract
Deliver public services faster
and better.
Increase transparency and
accountability in the use of
taxpayers' money

Public procurement is a
powerful tool for sustainable
development. SDG 12 and
SDG 16 are directly related to
Public Procurement.
Leverage the significant
buying power of MENA's
public procurement to support
"green" products, services,
and processes and increase
preparedness and
resilience for climate shocks

PRIORITY AREAS

FOR EFFICIENT, TRANSPARENT, AND ACCOUNTABLE PUBLIC PROCUREMENT SYSTEMS

DIGITAL GOVERNANCE

Support counterparts to establish and implement electronic procurement

LEGAL AND INSTITUTIONAL SYSTEMS

Support counterparts to enact sound and modern legal frameworks to enhance the principles of governance, provide fair treatment, and facilitate an enabling environment for micro, small and medium enterprises to compete for government contracts.

SUSTAINABLE PROCUREMENT

Support counterparts to pursue green procurement, create an enabling environment for efficient capital investment projects, build the capacity of SMEs, support gender responsive public procurement.

CAPACITY BUILDING & PROFESSIONALIZATION

Support counterparts to build the capacity of public purchasers, professionalize the public procurement function, and develop capacity building programs.

SELECTED EXAMPLES

- Use of e-procurement mandatory by all public entities by 2025 in **Jordan**
- Design and implementation of first phase of e-procurement in **Palestine**
- Development of an e-procurement portal in **Djibouti**
- Data Analytics and Open Contracting in **Morocco**
- **Tunisia** e-GP effective 2014 & regulations on e-bidding/e-shopping/ e-catalogue
- eGP Assessments **Morocco and Tunisia**. Use of eGP in WB projects from FY 24

- New Public Procurement Laws in **Lebanon (2020); Jordan (2019); Saudi Arabia (2019); Egypt (2018); Palestine (2014); Kuwait (2016);** and New Regulations in **Kurdistan Region of Iraq (2016)**
- Following MAPS assessment of 2019, Govt is coming with Procurement Law in **Tunisia** (WB to support review of draft law for improvements)
- Comprehensive review of new draft decree in **Morocco** (July 2022)
- SBDs in **Iraq KRG, Palestine, Jordan** (adopted to use under Bank's operation)
- Following MAPS assessment in **Djibouti** in 2018, roadmap developed in 2022 for improving regulatory and institutional framework.

- Issuance of decree to make electronic submission of bids mandatory in **Morocco**
- Expansion of Green Public Procurement in **Tunisia, Morocco, and Jordan** with funding from the Whole-of-Economy Climate Facility
- Assessment of GPP in **MENA**
- New RAS for public Procurement as a Driver for Socio-Economic Development in **KSA**
- Support to enhance transparency and accessibility, mandates contract publication for SMEs in **Morocco**, electronic bid security in **Morocco**, survey and establishing baseline for SME participation in **Jordan**.

- Development of Capacity Building and Professionalization Strategies in **Lebanon, Egypt, KSA, and Palestine**
- Implementation of procurement professionalization strategy in **Palestine**
- Capacity Building in **Tunisia** and **Djibouti** in FY 24
- Supply Chain study of essential medicines in **Palestine**
- Comprehensive Capacity Building program in **Iraq**, and development of professionalization strategy



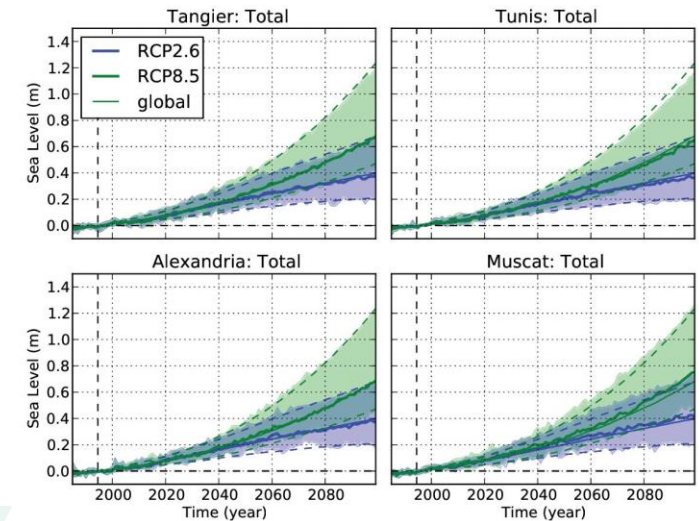
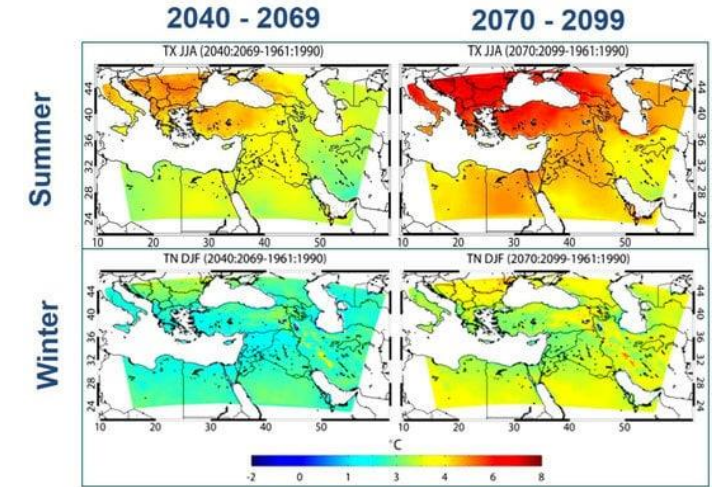
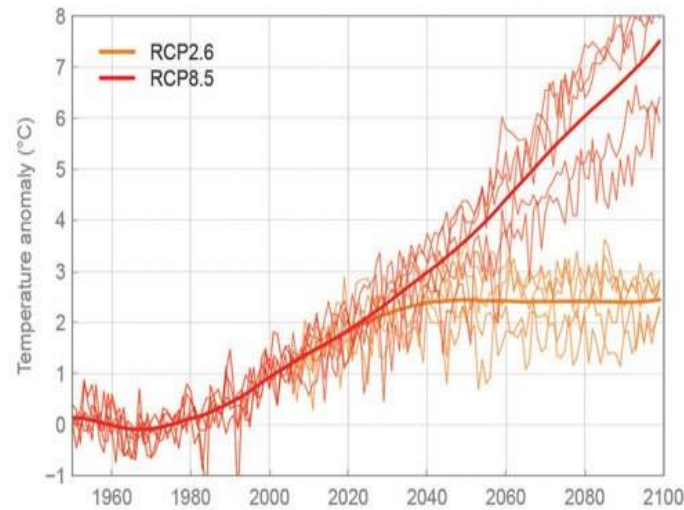
Climate change - a threat multiplier in the Middle East and North Africa (MENA) region

MENA region is one of the world's most vulnerable to the impacts of climate change

- Higher temperatures
- Drought
- Intense Water scarcity
- Floods
- Polluted Air
- Poor health
- Displacement of populations

➔ Procurement actions can tackle these too

An underestimated contribution from public procurement to climate change mitigation and adaptation



Addressing Climate Change through Public Procurement

Greening The Future By Leveraging Green Public Procurement: A Roadmap For Climate Resilient Systems



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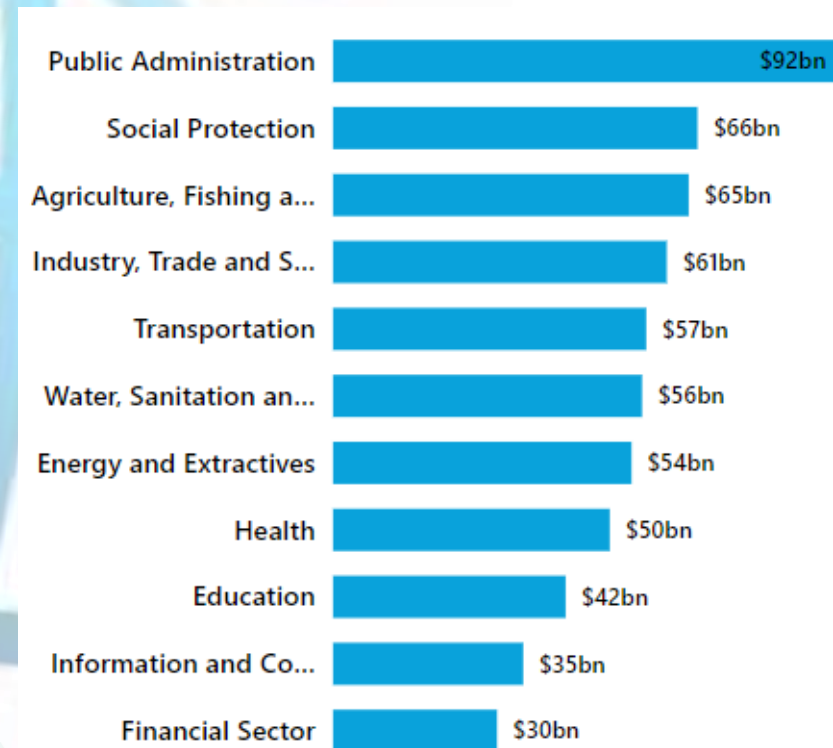
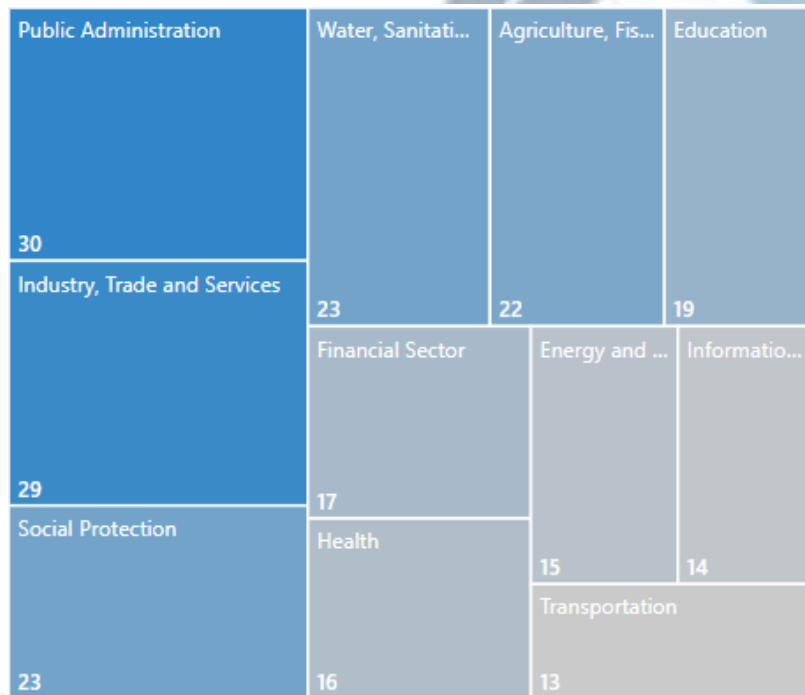
The World Bank Portfolio in MENA

➤ 137 active projects

- \$26.33 bn total commitment
- \$14.15 bn cumulative disbursement

➤ 37 pipeline projects

- \$5.26 bn total commitment



PROCUREMENT IN RESPONDING TO CLIMATE CHANGE

To keep global warming to no more than 1.5°C – as called for in the United Nations Paris Agreement – emissions need to be reduced by **45% by 2030** and reach **net zero by 2050**

Scope 1

- *Direct emissions arising from owned or controlled sources e.g. owned vehicles, combustion of fuel in facilities*

Scope 2

- *Indirect emissions from purchased energy e.g. electricity, heating, cooling*

Scope 3

- *All other indirect emissions that occur in the organisation's value chain e.g. procurement of works, goods and services, waste, travel, water*

BUILDING RESILIENCE

GREEN PUBLIC PROCUREMENT

Public procurement activities are directly or indirectly responsible for 15% of global greenhouse gas (GHG) emissions, which is seven times the amount emitted by the entire aviation industry

POTENTIAL IMPACT OF GREEN PUBLIC PROCUREMENT*

- GPP is a key component of **Sustainable Public Procurement**
- GPP provides value for money when considering full lifecycle cost
- GPP can be a major driver for innovation
- GPP can also help tackle specific **sustainability goals**, such as
 - halting climate change
 - improving air and water quality;
 - encouraging proper waste and resource use
 - Help governments achieve environmental policy goals



*** Through its scale and spending, public procurement has the potential to positively impact global efforts to slow climate change.**



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GREEN PUBLIC PROCUREMENT – HOW?

- Operational **Approaches** - *manage demand, facilitate the application of GPP practices, and shift the focus from products to performance and innovation*
 - Needs assessments
 - Market consultation
 - Joint procurement, framework agreements, and catalogs
 - Supplier facilitation
 - Product-service systems and performance-based contracts
 - Innovation procurement
- **Reform** Management - *helps countries define their own reform pathways, building on sound*
 - Reform pathways
 - GPP assessments
 - GPP strategies and action plans
- Enabling **Framework** - *helps transform GPP from a pilot activity to a policy and supports GPP implementation across the public sector*
 - Organization
 - Regulation
 - Incentives
 - Monitoring and reporting
 - Capacity building
 - Technical support






GREEN PUBLIC PROCUREMENT – HOW?

- Operational **Tools** - *integrate environmental considerations into procurement operations*
 - Environmental criteria
 - Ecolabels and environmental management standards
 - Life-cycle costing
- **Green Market** Development - *Governments can facilitate market response by investing in market development, especially for national suppliers and SMEs*
 - **Regulation** - product bans, fines, environmental standards, recycling schemes, mandatory product liability
 - **Fiscal incentives** - environmental taxes, reduced tax rates, tax credits, tax holidays
 - **Financing** - supply chain support, grants, guarantees, awards
 - **Information and training** - information, networking, training, technical assistance



GREEN PUBLIC PROCUREMENT – HOW?

MENA Procurement Unit has been selected for funding through the Whole-of-Economy Climate Facility to expand GPP in **Morocco**  **Tunisia**  and **Jordan**  (potentially expanding to other countries in MENA including Egypt) to:

- ✓ Assess markets for GPP readiness
- ✓ Carry out lifecycle assessments
- ✓ Develop policies, manuals, and guidance notes
- ✓ Develop communication tools
- ✓ Build professional competencies for GPP

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THANK YOU

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