

**Building a Greener,
More Prosperous Future**

green
NOTES

WBD 
Washington Business Dynamics



“Buying Clean” and Sustainable Public Procurement: New Opportunities for Federal Contractors



By Noa Farkash, Junior Consultant at WBD

August 2022



Introduction

Global warming due to greenhouse gas emissions is the number one threat to the environment and the economy for everyone, [everywhere](#). To increase resilience to a changing climate, nearly every human activity must embrace more sustainable practices to limit global warming to no more than 1.5 degrees Celsius, a goal set by the 2015 Paris Agreement. Beyond that figure, the World Meteorological Organization warns climate impacts will become [increasingly harmful for people](#) and the planet. **The Biden Administration recognizes that today's climate crisis requires a proactive “whole-of-government” effort to create jobs, expand industries, and create a more economically competitive country.** In one of his first acts as President of the United States, Joseph Biden signed an Executive Order (EO) in January 2020 to reduce federal operations' greenhouse gas emissions (GHG).

Because the U.S. Federal Government has a [non-personnel budget](#) of about \$650 billion a year and owns 300,000 buildings and about 600,000 vehicles, any change in its procurement practices can have a significant impact. The Biden Administration [released a set of actions](#) to support the EO on February 15, 2022, explaining why “Buy Clean” procurement is so important. **The Buy Clean effort will help in reducing emissions across the federal government's operations and tackle climate change issues through new procurement standards.** Buying clean procurement is an investment in American clean energy manufacturing and industries to create communities that are healthy and more resilient to a changing climate. It also has many implications for contractors supporting the U.S. Federal Government, including new guidelines and regulations, new opportunities, and commitment to transparency.

What's in the Executive Order?

The December 2021 [EO 14057, Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability](#), makes sustainable public procurement a national priority. This EO is “a part of the President’s broader commitment to increasing investments in America’s manufacturing industries and workers to build back our country better.” The goal is to do this by changing how the federal government buys, builds, and manages its assets or completes day-to-day operations. The Biden Administration is leading by example in leveraging U.S. scale and procurement power [“to drive clean, healthy, and resilient operations.”](#) The EO directs the federal government to use its procurement power and scale to achieve five goals:

1 100 percent carbon pollution-free electricity (CFE) by 2030, at least half of which will be locally supplied clean energy to meet 24/7 demand

2 100 percent zero-emission vehicle (ZEV) acquisitions by 2035, including 100 percent zero-emission light-duty vehicle acquisitions by 2027

3 Net-zero emissions from federal procurement no later than 2050, including a Buy Clean policy to promote the use of construction materials with lower embodied emissions

4 A net-zero emissions building portfolio by 2045, including a 50 percent emissions reduction by 2032

5 Net-zero emissions from overall federal operations by 2050, including a 65 percent emissions reduction by 2030

By supporting America’s growth of clean technology and energy industries, the federal government can also accelerate progress toward achieving a carbon pollution-free electricity sector by 2035. **To implement this EO, the U.S. Federal Government will seek out contractors who can supply them with goods or services that meet certain new environmental expectations or requirements.** This creates opportunities for contractors to become more mindful of their carbon footprint and adjust to become more sustainable. Contractors who take this opportunity may be more likely to be awarded certain federal contracts.



What is Sustainable Public Procurement?

Sustainable Public Procurement (SPP) is a procurement process in which public authorities keep a balance between what is good for the economy and society while also reducing environmental damage. SPP's main objective is to balance the three pillars of sustainable development: social, economic, and environmental. As

SPP takes into consideration the environmental, economic, and social impacts of goods purchased and services rendered. This kind of procurement allows organizations to procure services or goods in a way that achieves "value for money on a whole-life basis" that benefits the organization, society, and the economy while remaining within

As the government conducts procurement transactions, officials seek positive social, economic, and environmental impacts in the lifecycle of all goods and services.

the government conducts procurement transactions, officials seek positive social, economic, and environmental impacts in the lifecycle of all goods and services. This means considering beyond the upfront costs and considering relevant financial and non-financial benefits/costs. The desired outcome in this is expanding national and local markets for goods and services which support environmentally sustainable development, such as "buying clean" energy.

the carrying capacity of the earth. In this process, a balance between what is good for society and the economy is maintained while reducing environmental damage. This has many implications for contractors, as they will need to tailor their goods and services to meet the new expectations that consumers may look for. Contractors can expect new requirements based on this definition as the government begins to value companies dedicated to improving their environmental scores and decreasing emissions.

What is “Buy Clean” Procurement?

The Council on Environmental Quality and the White House Office of Domestic Climate Policy have established a Buy Clean Task Force to support low-carbon, made-in-America materials. According to the [White House Fact Sheet](#), “the Task Force will promote the use of construction materials with lower embodied emissions and pollutants across their lifecycle—including each stage of the manufacturing process.” **Producing steel and cement accounts for 15 percent of all carbon dioxide emissions around the world.** Federal contractors’ materials that produce fewer carbon emissions — such as [“green” concrete mixtures](#) or steel manufactured from [scrap and electric-arc furnaces](#) — are poised to win future government awards.

Other members of the Task Force include the Departments of Defense, Energy, and Transportation; the Environmental Protection Agency; the General Services Administration; and the White House Office of Management and

Budget. The expanding Task Force is developing recommendations on:

- **Identifying materials**, such as steel and concrete, as well as pollutants to prioritize for consideration in Federal procurement and federally funded projects
- **Increasing the transparency of embodied emissions through supplier reporting**, including incentives and technical assistance to help domestic manufacturers better report and reduce embodied emissions
- **Launching pilot programs** to boost federal procurement of clean construction materials

The Buy Clean Task Force makes the federal government a leader in sustainable public procurement by increasing the demand for cleanly manufactured and American-made materials.



New Opportunities for Federal Contractors

The General Services Administration ([GSA](#)) is [already implementing](#) a Buy Clean effort and has [issued new standards](#) for concrete and asphalt used in all GSA construction projects. GSA manages a federal real estate portfolio nationwide and overseas approximately valued at \$75 billion in annual contracts.

make products that are more globally competitive – and better for the planet,” said [Sonal Larsen](#), [GSA’s Senior Advisor on Climate](#). “It makes sense to work strategically with our partners early on because the emissions from constructing a new building can contribute more to climate change than three decades of operating it.”

**“Prioritizing government procurement with lower carbon and cleaner construction materials means helping American manufacturers and workers make products that are more globally competitive – and better for the planet.”
—Sonal Larsen, GSA Senior Advisor on Climate**

As the EO was passed, GSA issued a Request for Information (RFI) focused on [asphalt](#) and [concrete](#). [More than 44 percent](#) of responses were from small businesses.

“GSA is excited to deploy these groundbreaking standards as part of this administration’s all-hands-on-deck effort to catalyze clean energy innovation and strengthen American leadership on clean manufacturing,” [said GSA Administrator Robin Carnahan](#), on March 30, 2022. “The feedback we received from industry is proof positive that combating climate change is also an opportunity to boost American innovation.”

“Prioritizing government procurement with lower carbon and cleaner construction materials means helping American manufacturers and workers

To meet the new requirements, contractors will need to adapt to new standards and innovate clean manufacturing solutions. **In sum, the government will choose contractors who are committed to the goals of reducing GHG emissions.**

The [December 2021 EO](#) will mobilize investment in America’s clean energy industries and manufacturers to create clean and resilient communities. There are plans of launching challenge competitions for suppliers to provide breakthrough technologies that align with the EO. For example, the Department of Energy (DOE) issued an [RFI for Industrial Decarbonization](#) in January 2022 to gather “input on industrial priorities for decarbonization, including emerging technologies that could be demonstrated or adopted by the industrial sector.” These new requirements will shape

priorities to reduce industrial emissions and increase competitiveness.

The federal government may call for federal contractors to measure and report on the environmental costs of their goods and services. This could raise [legal questions](#) on past

performance, technical responsiveness, and responsibility issues. Environmental sustainability is still not a general requirement of federal procurement, but many view it as essential in this process. Stricter requirements and more guidelines for sustainable procurement are expected to emerge.



Indicators to Watch

Over the past decade, even as the science became clearer about global warming, sustainable public procurement efforts in the U.S. lost momentum and stalled while the [rest of the world expanded](#) its sustainable procurement policies and procedures. These strategies present models for the U.S. to adopt. For example, establish [“eco-labels”](#) to confirm that a product meets a sustainability standard, favor suppliers which regularly assess their products for greenhouse gas emissions, or create incentives like awards in sustainable procurements.

Besides the federal government, the private sector is also seeking to do business with companies that possess high [Environmental, Social, and Governance \(ESG\) metrics](#). Predictions indicate that ESG considerations will affect public and private procurement, funding initiatives, legislative initiatives, and government structuring in the coming years. One way for federal contractors to improve their competitive advantage is to [incorporate ESG directly](#) into their business plans and operations.

Recommendations

Making predictions and establishing adaptive techniques are especially important in anticipating and preparing for future regulations or policies. **Based on GSA's example, future government contracts will be prioritized toward environmental sustainability or environmentally preferable spending.** By taking measures to reduce their carbon footprint and increase their ESG metrics, com-

widespread as the federal government becomes more concerned with whom they are awarding and whether their procurement is sustainable.

There are many perspectives on how USG will manage to implement these new requirements. USG may consider creating a specific category of business that is certified as environmentally

By taking measures to reduce their carbon footprint and increase their ESG metrics, companies gain a competitive advantage.

panies gain a competitive advantage. This can be achieved by establishing a GHG reduction goal, taking a GHG inventory, performing a cost-benefit analysis, analyzing the impact on business strategies, and ensuring management support. It is foreseeable that eco-labels and environmental sustainability labeling may become more

sustainable. Considering what kinds of impacts this would have on how contracts are awarded, and how procurements are managed, is especially important right now. In anticipation of future Buy Clean and other ESG standards, companies are taking steps toward becoming more environmentally sustainable.

How WBD is Helping

WBD provides support to its federal customers by developing various procurement strategies that consider the cost-benefit analysis of reducing greenhouse gas emissions and other ESG metrics. We can ensure procurement portfolios and processes reflect new and emerging Buy Clean standards. **Our strategic advisory services include Climate Change Professionals that offer support in updating policies, processes, and language toward clean, sustainable practices.** WBD advises on acquisitions and procurement for the Department of Defense, Department of Homeland Security, and the Millennium Challenge Corporation.

WBD develops strategies and innovative programs for our clients to create more environmentally friendly practices in our clients' processes. Our subject matter experts provide training on sustainable procurement and practices through regular training and brown bag sessions. For one of our government clients, we recently developed a 2-hour online course that uses interactive features and videos to introduce fundamental concepts of climate-resilient development, including how climate impacts are affecting key development sectors. The course equips its audience with the knowledge and skills to identify climate risks to development programs, communicate effectively about these risks, and apply existing resources and information to solving climate-related development problems to make development efforts climate-resilient.

In support of our client, USAID, **WBD is developing and promoting inland waterway transport in South Asia as one of the cleanest modes in**



“Green” Support

- Cost-benefit analysis
- “Buy Green” procurement strategies
- Sustainable procurement advisory and training
- Climate Change Professional advisory
- Scenario stress tests
- Community Climate Resilient Plans

the transport system. Our team of engineers is working in Bangladesh and India to ensure these countries have sustainable, green vessel infrastructure by offering new technical solutions to lower vessel emissions and increase energy efficiency. Concurrently, our private sector engagement experts are developing means for underserved small and medium-sized operators to access financing to upgrade and establish a green fleet.

We also perform scenario stress tests to propose potential scenarios (policy, process, or legislation shifts in client plans) to assess the adaptability of business plans to a changing procurement environment as new requirements evolve. For our federal clients, we implement innovative procurement strategies. For our municipal clients, we offer a [Building Community Climate Resilience](#) service. Our internal WBD

Acquisition Solution Group ensures our team of experts remains current on green acquisition strategies and best practices.

Looking ahead, there are new incentives for federal contractors, especially small businesses,

small disadvantaged businesses, service-disabled veteran-owned small businesses, and women-owned small businesses, to reduce their carbon footprint and align their business practices with the evolving [Federal Acquisition Regulatory Council Guidelines](#).

