



THE NETHERLANDS' CO₂ PERFORMANCE LADDER

Key messages

Initiated in 2009, the CO₂ Performance Ladder is a green public procurement instrument that certifies companies' climate action. The company's level of commitment is certified by the CO₂ Performance Ladder. Bidding companies commit to reducing emissions and receive in turn an award advantage. As it increases its commitments to reducing CO₂, the company moves up the Ladder and receives more rewards. The Ladder serves as both a CO₂ management system by guiding a company's climate action, and a public policy instrument through which the government can incentivise climate mitigation.

Countries: [Netherlands](#) | [Belgium](#)

Sectors: [Energy](#) | [Transport](#) | [Buildings](#) | [Infrastructure](#)

Scale: [National](#)

Challenge

Public procurement accounts for 15% of carbon emissions globally, and can thus become an important driver of innovation and roll-out of low-carbon infrastructure, goods and services (IISD, 2022). As stated in the European Green Deal, "[p]ublic authorities, [including European institutions], should lead by example by ensuring that their procurement is green." Governments have many opportunities to harness the power of procurement to achieve their climate objectives.

Since 2015, green public procurement has become mandatory for Dutch public authorities. However, contracting authorities need to be able to easily identify and procure greener works, products and services that meet key environmental and climate-friendly procurement criteria. Therefore, development of a uniform set of practical instruments needs to advance. A certification system should lighten the burden on procurement authorities to verify the companies' commitments.

Approach

Created in 2009, the [CO₂ Performance Ladder](#) is a green public procurement instrument that serves as both a CO₂ management system and a procurement tool. The Ladder's main objective is to stimulate organisations to gain insights into their CO₂ emissions, and to continuously seek opportunities to cut back these emissions in the organisation and consequently within projects.

Contractors are encouraged to take steps towards reducing the company's carbon footprint, either within the organisation, during execution of a given project or in the supply chain. Depending on the level of commitment, they can apply for a certificate on the Ladder and attach it to their offer. With a certificate on

the Ladder, organisations can gain an award advantage of up to 10%, representing an immediate investment return for their efforts to reduce CO2 emissions.

The [Ladder's certification system](#) is comprised of five CO2 ambition levels (or steps on the Ladder). The first three levels focus on CO2 management and emissions reductions within the company's business operations. Most organisations start at level 3. As of step 4 and 5, contractors begin exerting influence beyond their own business sphere. They commit to reducing the carbon footprint of the supply chain, participate in investments for innovation and share their knowledge with other business partners. Essentially, the more a company commits to reducing CO2, the higher it moves up the Ladder.

Each CO2 ambition level is linked to a percentage reduction of the submission price. Bidding companies can thus reduce their price by up to 10% (2% per step). In the contract, the ambition level is included as a performance requirement and must be implemented as part of the execution of the project. Therefore, the Ladder helps companies reduce their carbon footprints and costs.

Advancing climate and environmental objectives are important factors that influence public decisions. Many contracting authorities are moving from Most Economically Advantageous Tenders (MEAT) to Most Advantageous Tenders (MET). By being rated higher on the Ladder, a company demonstrates its climate-friendly behaviour, increasing its attractiveness and chances of winning the contract.

The scheme is managed by the Foundation for Climate Friendly Procurement and Business (SKAO), which assesses annually the emissions reduction efforts of participating organisations. Third-party accreditation reduces the burden on procurement authorities to verify the companies' commitments. If a contractor does not comply with the level of ambition set in the project tender, it must reimburse one and a half times the advantage granted.

Results

The CO2 Performance Ladder certification has been successful in accelerating emissions reductions. According to the University of Utrecht, organisations with a certificate reduced CO2 emissions by 3.2% per year, which is twice as much as the Dutch average. In total, about 4 000 businesses use the CO2 Performance Ladder as a carbon management system.

The Ladder has become the Netherlands' most important green public procurement instrument. According to SKAO, the number of certificates has been growing rapidly: some 1 140 certificates were granted in 2021, compared to 951 in 2020, representing a 20% increase.

The Ladder has been used for one in ten European tenders in the Netherlands. Moreover, a three-year pilot initiative is underway to test implementation of the Ladder in Belgium.

Overall, some 200 public procurement agencies use the Ladder in their tendering processes. Initially designed for the rail sector, the scheme has been expanded to other infrastructure sectors, as well as to services, landscaping and waste management.

The Ladder developed a uniform set of instruments and practical [guides for companies](#) across the Netherlands. This makes it a user-friendly tool with low transaction costs that enhances climate and environmental standards in procurement.

Lessons learnt

As many European countries and subnational governments are planning to make green public procurement mandatory, the experience of the Ladder can help translate European ambitions into practice. SKAO and the International Institute for Sustainable Development are exploring opportunities to expand the scheme to ten more European countries, and to capitalise on the Ladder's experience within the European Green Deal. As the certification scheme complies with the EU Procurement Directive, it seems feasible to expand the scope of the Ladder to other EU member countries.

An in-depth stocktaking exercise is an important next step with a view to exploring different governance approaches and monitoring efforts across Europe. This could also assess the operational costs of different certification schemes, and identify strengths and weaknesses of different approaches. A greater harmonisation of public procurement practices would be welcome. This could also help reduce the administrative burden for public authorities while promoting low-carbon infrastructure, goods and services more effectively. Moreover, the experience of the Ladder could also inform initiatives to encourage green procurement approaches in the private sector.

Further information

The CO2 Performance Ladder, <https://www.co2-prestatieladder.nl/en>

OECD (2016), Country case: Green public procurement in the Netherlands, <https://www.oecd.org/governance/procurement/toolbox/search/green-public-procurement-netherlands.pdf>

OECD (2015), Going Green: best practices for sustainable procurement, https://www.oecd.org/gov/public-procurement/Going_Green_Best_Practices_for_Sustainable_Procurement.pdf

Featured publication

OECD (2015), OECD Environmental Performance Reviews: The Netherlands 2015, OECD Environmental Performance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/9789264240056-en>.

Link to: [Green Public Procurement - OECD](#)

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