

The CO₂ Performance Ladder in Belgium Results of the pilot phase

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Executive Summary

This report summarises the results of the CO₂ Performance Ladder pilot phase in Belgium, conducted between 2019 and 2023. During these four years, 24 pilot tenders were launched in Belgium using this sustainable procurement tool. The CO₂ Performance Ladder was applied mainly in infrastructure, construction and environmental works projects.

The evaluation of the pilot focused on collecting information on the application of the CO₂ Performance Ladder in public tenders. Findings were evaluated from 19 launched projects using an interview with or a questionnaire filled in by the contracting authority. Belgian companies certified on the CO₂ Performance Ladder were evaluated using an online questionnaire in summer 2023. 33 of the then 62 certified Belgian companies completed this questionnaire.

The main conclusion is that the contracting authorities interviewed are positive about the CO_2 Performance Ladder and interested in applying the instrument more often. More and more contracting authorities are also becoming interested in using the instrument. Companies with a certificate are also positive, seeing the tool as an added value that helps them reduce their climate impact.

With the pilot completed, the further application and scaling-up of the CO_2 Performance Ladder in Belgium is being prepared and initiated. This report serves as a valuable source of insights on the use of this tool in Belgium. The experiences and lessons learned during the pilot can be used to improve the implementation of the CO_2 Performance Ladder and maximise its benefits.



1 Introduction

1.1 Context

In 2019, a pilot of the CO_2 Performance Ladder in public tenders was launched in Belgium. This allowed Belgian authorities (Flanders, Wallonia and Brussels) to experiment with it for a few years. If the results of the pilot phase were positive, the ambition was further implementation of the Ladder in Belgium.

The pilot phase was set up with the aim of testing the CO₂ Performance Ladder in 25 public tenders (10 in Flanders, 10 in Wallonia and 5 in Brussels) over a 3-year period (September 2019 – September 2022). Several Belgian contracting authorities participated. After this 3-year pilot phase, the aim was to evaluate the use of the Ladder in the pilot projects.

The pilot phase was launched with the aim of working in two phases: The first phase would involve working with pilot projects to test the CO₂ Performance Ladder. In the second phase, if stakeholders chose to further implement it after the pilot projects, an independent organisation should be established to manage the Ladder in Belgium.

This report is a summary of the final evaluation of the pilot phase (phase 1), which was eventually extended by one year. The report covers the period 09/2019 - 09/2023.

For more information on the general operation of the CO_2 Performance Ladder, please refer to the website: <u>CO2performanceladder.com</u>.

1.2 History & principles pilot phase in Belgium

Setting up the Belgian pilot phase was obviously not done overnight. For information on the set-up and launch of the pilot phase, see these articles:

- General description of the preparation for the pilot phase and its design.
- An article on the launch of the pilot phase in Belgium.
- <u>A mid-term review article</u>.



2 Pilot projects

The graphs below provide some more information on the projects launched during the pilot phase in Belgium. Figure 1 shows the pilot projects launched by region. A total of 24 launched pilot projects have been registered.¹ In Brussels, only one pilot project was launched due to changes and delays in the planned pilot projects. There are also 3 projects that fall outside the scope of the pilot phase, but which applied the CO₂ Performance Ladder.



Figure 1: Pilot phase projects launched by region

¹ Additional information obtained after the final report of the pilot phase: the Public Waste Agency of Flanders (OVAM) launched 9 additional projects during the pilot phase, not yet included in the above count. This brings the total to 33.







Figure 2: Type of works launched projects



Figure 3 shows the contracting authorities that participated in the pilot phase. A total of 12 different contracting authorities participated in the pilot phase. It is important to note that these are only the contracting authorities that were part of the pilot phase. Towards the end of the pilot phase, the CO_2 Performance Ladder became more popular in Belgium, and contracting authorities were added that also applied the Ladder. No separate count was kept of these projects.



Figure 3: Contracting authorities launched pilot projects

* AWV = Agency for Roads and Traffic VWW = Flemish Waterway OVAM = Public Waste Agency of Flanders IDETA = Territorial Development Agency Wallonia IDEA = COEUR DU HAINAUT TERRITORIAL DEVELOPMENT AGENCY SPW = Walloon Public Service SOWAER = Walloon Airports Company SWDE = Walloon Water Company MIVB/STIB = Brussels intercommunal transport company



3 Results

3.1 Contracting authorities

The pilot projects were evaluated after award by means of an interview with the contracting authority or via a questionnaire. This made it possible to evaluate how the contracting authorities perceived the implementation of CO₂ Performance Ladder in their tenders.

Contracting authorities indicate that they experienced the system positively:

- Implementing the CO₂ Performance Ladder in a tender specification requires little extra time, as does evaluating bids with the Ladder;
- Sufficient bids are received with a level on the Ladder;
- The use of the CO₂ Performance Ladder often had no effect on the award of the project as the most favourable offer was also the one with the (joint) highest level on the Ladder;
- There have been no problems in awarding projects;
- In terms of bid price, no excessive prices were caused by the Ladder;
- No projects were recorded where the contractor failed to submit their certificate on time;

Figure 4 shows the views of the interviewed project managers at the contracting authorities. Their unanimous opinion was that they would use the Ladder again, but preferably with an elaborated policy where the CO₂ Performance Ladder is applied in a structural way in procurement.



Figure 4: Interest of contracting authorities to reuse Ladder





Figure 5 shows how the CO_2 Performance Ladder was applied in tenders. In the majority of cases, the fictitious discount method of granting award advantage was used.

Figure 5: Way of tendering the pilot projects

Figure 6 shows the number of bids received per project (visualised on the x-axis) (from the pilot projects for which this information was available). Here, it is clearly observed that more than 3 bids were almost always received, and that bids were mainly received at the highest level (level 3-5).



Figure 6: Tenders received by level



In addition to the contracting authorities selected at the beginning of the pilot phase to launch a project using the Ladder, during the course of the pilot phase, there has been increasing interest from other contracting authorities to also start using the CO₂ Performance Ladder. The following contracting authorities joined during the pilot phase:

- SWDE (Walloon Water Company)
- SOWAER (Walloon Airports Company)
- TUC Rail
- STIB/MIVB (Brussels intercommunal transport company)

3.2 Companies

The CO₂ Performance Ladder is also welcomed by companies. Since the start of the pilot phase in Belgium, there has been a sharp increase in the number of Belgian certificate holders. Based on a questionnaire sent to only Belgian certificate holders at the end of June 2023, it appears that the CO₂ Performance Ladder is having an impact among companies (50% of Belgian certificate holders completed the questionnaire). Below, the main results from this questionnaire are listed and shown in graphs:

- The majority (78%) of companies think it adds value (Figure 7);
- The majority of companies indicate that due to CO₂ Performance Ladder certification they map their CO₂ footprint (53%) and set targets (47%), without having done so before (Figure 8 and Figure 9);
- Companies also report effective reductions absolute or relative, (Figure 10) and indicate that awareness around climate has increased within their organisation (Figure 11);
- Smaller construction companies have also already found their way to the CO₂ Performance Ladder (see also Figure 16);
- Companies say it brings a lot of benefits such as a clear framework, cost-neutral actions and elements that can be used in other standards (Figure 12, such as <u>SBTi</u>, <u>VOKA charter sustainable business</u>, ISO14001, <u>CSRD</u>, ...).





Figure 7: Value added or cost

In Figure 7 we see that 80% of companies see the CO_2 Performance Ladder as adding value. As a motivation for this response, companies report that:

- The Ladder accelerates the transition through collaboration in the supply chain;
- Many reduction actions are cost-neutral;
- The Ladder provides input to other initiatives such as CSRD and SBTi;
- Implementing the CO₂ Performance Ladder leads to increased awareness;
- The CO₂ Performance Ladder provides a clear framework to calculate emissions and define reduction actions;

About 20% of companies indicate that it is more of a cost for them. These companies mainly indicate that they have not yet received an award advantage in projects where the Ladder is requested, and that it requires additional administration.





Figure 8: Footprint mapping



Figure 9: Formulating objectives





Figure 10: Reduction achieved, as reported by companies



Figure 11: Internal awareness around climate





Figure 12: Use of elements in other initiatives



Figure 13 shows the estimated time commitment for companies to prepare for certification for the CO₂ Performance Ladder. Here, a clear difference is noticeable between larger and smaller companies: larger companies report a time commitment of up to >40 working days, while smaller companies are more likely to report around 20 working days.



Figure 13: Time spent on certification

What is also interesting is the impact of the CO_2 Performance Ladder on the projects themselves. Companies awarded a project where the Ladder played a role in the award must apply the requirements of the Ladder to the project level and the company's approach must be demonstrated with documentation at the project level. Specifically, many companies create a project file, in which substantiation is given to the requirements of the CO_2 Performance Ladder. As part of the evaluation of the pilot phase in Belgium, project dossiers were requested. On this basis, the most common CO_2 reduction actions at construction sites were:²

- Optimising machine use (such as reducing idling or carrying out process optimisations);
- Providing an electricity connection with the grid to avoid power generators;

 $^{^{2}}$ Project files were not received from all pilot projects yet, so CO₂ savings on site are not reported because the number of project files is not representative.



- Ensuring an energy-efficient construction site;
- Using biofuels.

3.3 Status of the CO₂ Performance Ladder in Belgium

Figure 14 shows the trend of Belgian certified companies. This graph clearly shows that the number of certified companies in Belgium rises sharply during the first two years of the pilot phase. For the time being, this increase seems to continue in 2023 (not yet a full year).



Figure 14: Number of Belgian certificate holders



Figure 15 shows the level at which Belgian companies have obtained a certificate. Most have a certificate at level 3. A few companies are also already at the higher levels 4 and 5, but these are mainly companies that already have more experience with the Ladder from before the pilot phase/outside Belgium.



Figure 15: Level of certificates in Belgium

Figure 16 shows the size of Belgian certified companies. It shows that not only large companies obtain a certificate on the CO₂ Performance Ladder, but that medium-sized and smaller companies are also showing a strong interest in obtaining a certificate.



Figure 16: Turnover of Belgian certificate holders



4 Conclusion

Based on the results laid out in this report, it can be concluded that the implementation of the CO_2 Performance Ladder in Belgium has been positive. Governments and companies in Belgium are enthusiastic about the instrument and have the ambition to move forward with it. In total, more than 20 pilot projects were launched, and more than 62 Belgian organisations have since gained certification on the Ladder. Besides the pilot projects, there are also 3 large non-pilot projects that used the CO_2 Performance Ladder in their tenders.

4.1 Contracting authorities

Contracting authorities that used the CO_2 Performance Ladder in the pilot phase indicate that they had a positive experience of the system. Implementing the Ladder in specifications requires little extra time, and no price increase is noticeable due to the Ladder. In addition, there have been no problems in awarding projects. Contracting authorities also indicate that they would like to use the CO_2 Performance Ladder again, albeit asking for a broader policy in which the Ladder is used more strategically than just in a selection of projects.

Besides the contracting authorities that were selected at the beginning of the pilot phase to launch a project using the Ladder in the course of the pilot phase there has been increasing interest from other contracting authorities to also start using the CO₂ Performance Ladder.

4.2 Companies

The CO₂ Performance Ladder is also welcomed by companies. Since the start of the pilot phase in Belgium, there has been a sharp increase in the number of Belgian certificate holders. Based on a questionnaire sent to Belgian certificate holders only at the end of June 2023, it appears that the CO₂ Performance Ladder is having an impact among companies. Even smaller construction companies have already found their way to a CO₂ Performance Ladder certificate. The majority of companies indicate that the Ladder has enabled them to map their CO₂ footprint and set targets, without having done so before. Companies also report emissions reductions (absolute or relative) and indicate that climate awareness has increased within their organisation. They are positive about the Ladder, find it an added value, and indicate that it provides many benefits such as a clear framework, cost-neutral actions and elements that can be used in other initiatives.

Following these positive results, Belgian government organisations are currently looking at how the CO₂ Performance Ladder can be applied structurally (phase 2). Within the Flemish government, OVAM (the Public Waste Agency of Flanders) already decided in 2022 to apply the CO₂ Performance Ladder in all specifications for soil remediation works. The Flemish MOW (Mobility and Public Works) has also already confirmed that they will start implementing the Ladder structurally from 2025.