POLICY PAPER ON
„GREEN PUBLIC PROCUREMENT“
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Each year European public authorities spend the equivalent of 16% of the EU Gross Domestic Product on the purchase of goods, such as office equipment, building components and transport vehicles; and services, such as buildings maintenance, transport services, cleaning and catering services and works. Public procurement can shape production and consumption trends and a significant demand from public authorities for "greener" goods will create or enlarge markets for environmentally friendly products and services.

A more sustainable use of natural resources and raw materials would benefit the environment as well as the overall economy, creating opportunities for emerging "green" economies. Such a shift would also boost the competitiveness of European industry by stimulating innovation in eco-technologies – which have been recognised as a high-growth sector where Europe is already a world leader. Studies have confirmed that there is considerable scope for cost-effective green public procurement (GPP) - in particular in sectors where green products are not more expensive than the non-green alternatives (taking into account the life cycle cost of the product). As "greener" goods are defined on a life cycle basis, GPP will affect the whole supply chain and will also stimulate the use of green standards in private procurement.

The EU has actively pursued GPP for many years, although with very limited success due to Member State resistance to setting legally-binding, mandatory targets. The Commission has produced guidelines, a training toolkit, case studies, and other support documents for public purchasers, to limited effect thus far. With no mandatory targets on GPP to date, these activities remain largely at the discretion of the Member State public authorities unless driven by the national government.

On 16 July 2008, the Commission adopted a “Communication on public procurement for a better environment”. In this communication the Commission proposed a political target of 50% GPP to be reached by the Member States by the year 2010. The target is linked to a process for setting common, voluntary, green public procurement criteria, recommended for inclusion in tender documents for a series of priority product and service groups. A first set of EU harmonised criteria is being developed. This is intended to set a benchmark of what public authorities can call "green" for public purchasing and will be used to help Member States in complying with the political target of 50% GPP by 2010 set by the Commission.

Given the role of public administrations, and the imperative for them to lead by example, green public procurement is a central activity that should be continued and enhanced. Ambitious and mandatory criteria for green public procurement should be established, aiming for 100% green public procurement by 2012.

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1. **INTRODUCE ROBUST ENVIRONMENTAL CRITERIA**

The GPP EU harmonized criteria developed by the Commission establishes two levels of ambition: core criteria or a basic benchmark of what can be called “green” across the EU, designed to be used with minimum additional verification effort or cost increases, and comprehensive criteria designed for those who wish to purchase the best products available on the market.

**To a large extent the core criteria are too weak and too limited.** For instance, consideration of reduction of hazardous substances and requirements on resource efficiency are not part of the core criteria for several product groups. Requirements set for green public procurement must lead public procurers to the best available technologies that use minimal energy consumption, seek maximum resource efficiency and restrict use of hazardous substances.

**Well researched, balanced information on lifecycle assessments of products needs to be more readily available and accessible to all MS.** The EU process for setting common GPP criteria needs to be streamlined so that the guidelines are regularly revised and checked to take into account new products on the market, and most importantly with transparency in the consultation and monitoring of the implementation process.

**Other factors also need to be taken into account, such as how products and surrounding elements that influence performance are installed, e.g. insulation, electricity/heating source.** These criteria should not only address specific products or technologies, but should be enlarged to integrate system based considerations. For example, current GPP specifications for boilers do not consider other elements of the heating system, such as pipe work, storage cylinders or insulation.

2. **Make GPP mandatory**

History tells us that **voluntary schemes are not effective.** We welcome the adoption of the July 2008 Commission Communication on public procurement, but regret that many of the activities proposed remain at the discretion of Member State public authorities. At the beginning of 2008 only 14 Member States had adopted national action plans (12 more are working towards the adoption of a plan or a strategy). **If such a scheme is to have any impact, it should be mandatory, through binding targets, linked to indicators and monitoring.** The Commission should in 2011 evaluate how Member States are integrating the EU harmonised GPP guidelines. **We hope that future revision of the EU GPP policy will shift towards more binding targets with stricter requirements.**

That binding targets are feasible has been proven by several front-running Member States, which have set themselves ambitious targets: for example, the Dutch government has set a 100% Sustainable Procurement target to be reached by 2010; the Austrian Government has identified different targets to be met by 2010 for 5 product groups: IT: 95%, electricity: 80%, paper: 30%, cleaning products: 95%, vehicles: 20%. Similar targets relating to GPP in the fields of transport, construction, and carbon neutral government operations are in place in e.g. France and the UK.

3. **Life cycle cost considerations**

Low awareness of the benefits of environmentally friendly products and services has not helped drive GPP. Insufficient information on life cycle costing of products that does not include anticipated future increases in fossil fuel prices or external environmental and social costs has led to distorted prices. **The traditional cost benefit analysis and methodology should be updated.**

Some Member States have proved that promoting greener products through minimum standards, mandatory requirements and fiscal incentives have reduced the overall difference in price between green and non green options. The market transformation effect – to enable manufacturers to take advantage of economies of scale leads to lower prices. **It should become mandatory for all public procurement, where possible, that only those products and services which have the least cost altogether, considering also the full life-cycle costs and all external costs are included.**