Green ProcA
Green Public Procurement in Action

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Summary of the state of art in implementing GPP in Europe

Evaluation and Monitoring

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Content

1 Introduction

As acknowledged by recent studies, public procurement is becoming a cornerstone of environmental policies both at European Union and Member State level. The awareness on the role of GPP in supporting sustainable consumption and production patterns strongly increased and is becoming more and more popular among public authorities both as a policy instrument and as a technical tool. Countries belonging to the European Union are worldwide leaders for sustainable development, as it was firstly defined by the European Commission in 1987. The high purchasing power of public authorities is a market factor with enormous potentialities. Each year the public authorities in the EU spend roughly the equivalent of 16% of the EU Gross Domestic Product on the purchase of goods, such as office equipment, building components and transport vehicles; services, such as buildings maintenance, transport services, cleaning and catering services and works. This means that GPP can act as a strong stimulus for eco-innovation. Over the last few years, the use of environmental criteria in public tenders has been diffusing especially in the European Union where green procurement for specific product groups is gradually turning into a legally binding instrument. Many efforts have been made to develop tools to assist green procurement implementation in public policy, to strengthen the potential and effective benefits of green procurement, to remove the obstacles and drawbacks that can negatively affect GPP uptake. Despite the fact that the crisis has caused major investments cuts to the detriment of GPP activities, public procurement can shape production and consumption trends and, therefore, a significant demand for "greener" goods has created and enlarged the markets for environmentally friendly products and service. In other words, the diffusion of GPP has effectively alleviate the environmental pressure caused by unsustainable consumption and could gradually help stimulating a "critical and increasing mass" of the demand for more sustainable goods and services.

2 Green public procurement implementation status and policies in Europe

A study carried out by Bouwer in 2006 measured the distribution of GPP in EU countries on the basis of answers to 860 questionnaires and by analysing the use of environmental criteria in more than one thousand call for tenders carried out in all Member States.

A study carried out by Bouwer in 2006 (based on 860 questionnaires and on the analysis of environmental in calls for tenders) showed that the GPP state of art in 7 EU Member States (Austria, Denmark, Finland, Germany, Great Britain, Holland and Sweden) is at a more advanced and consolidated stage if compared to the other 18. This result was due to numerous "green calls" and to a higher level of maturity and awareness of the GPP-related instruments, such as:

- strong political push through (for instance) national guidelines or action plans;
- public means of information and national eco-labels;
- use of innovative tools in procurement procedures such as life cycle thinking and green contract variants.

In addition, other studies have been carried out at the regional and national level, in particular, focusing on the Nordic countries. For instance, Parikka-Alhola in 2007 found that in the product groups with a potentially high environmental impact, green criteria were present in 37% of award decisions. In the calls for tenders where the weights were given for award criteria, environmental criteria accounted for 5–20% of the award decision, and proportioned this to the total sample, an average weight for green criteria was 3.3%. The dominant award criteria were price (51% of weight) and quality (37% of weight), leaving less weight to delivery terms (7%) and social issues (1.7%). Moreover, Nissinen in 2009 found that the product groups with

apparent “high”, “medium” and “low” greenness had clearly different proportions of green calls for tenders in Nordic countries in the year 2003 (73%, 44% and 30%, respectively).

The evidences emerged in the framework of Green ProcA project show that the partner countries achieved remarkable objectives in increasing the sensitivity of national contracting authorities and public administrations. The green procurement was proved to be the object of interest by local authorities and the awareness of the impossibility to procrastinate the adoption of GPP measures in any of their purchases. It emerged that when the public administrations are aware on GPP measures and regulations, they actually implement a GPP policy. The small authorities seem more prone to resort to external consultants and specialists due to the gap in internal competences and know-how and to the structural lack of resources. The main critical points are the incapacity to develop autonomously the internal competence to include green criteria in their public tenders and the absence of a purchasing department and a coherent purchasing strategy. Moreover, small administrations do not have a sound capability to allocate properly responsibilities, roles and functions to deal with the GPP challenge. Indeed, very lean organizational structures do not allow for specialised personnel or full-time managers dealing with GPP. The availability of personnel who is hired to fully dedicate to GPP, to be exposed to information and stimuli and to develop ad hoc competences and skills is of primary importance in this context.

Therefore, a dedicated strategy for small public authorities appears as the only way to facilitate the adoption of GPP practices in local administrations. These small players despite their size have a huge purchasing capacity in aggregate terms. In this context, the Covenant of Majors initiative could play a leading role also in the development of a coherent purchasing policy for small and medium local authorities, as explained in session 3.

2.1 Current national/regional practice

According to the abovementioned study by Bouwer et al. (2006), several obstacles and drawbacks were encountered by local authorities in the application of GPP. The major obstacles encountered by Public Administrations are the following:

- Economic: 44% of these PAs indicated as main obstacles the perception of increased cost of green products compared to those that are not environmentally friendly;
- Political: 35% of these PAs complained about a lack of organizational resources (including time and money) and of promotion policies for GPP;
- Cognitive: 25% of these PAs complained about a lack of operational and/or information tools and a lack of training; and 35% on a lack of competence in environmental matters and in establishing environmental criteria.

In many cases, environmental criteria included in call for tenders are unclear. That indicates a lack of knowledge on technical issues and a lack of training in environmental matters by the officers. Such results emerged also from a survey carried out in Italy on 249 Italian public administrations and in UK on 106 organizations from across the public sector. In the Italian survey, it emerged that among public administrations adopting GPP practices (25% of respondents) main problems were:

- Lack of information about the real environmental impacts of the products (27%);
- Difficulty in finding suppliers (27%);
- Difficulty in the preparation of call for tenders and purchasing (23%);
- Lack of guidelines by higher-order authorities (20%);

This last problem, together with internal organizational difficulties, appears to be the main cause that leads 75% of PA respondents to desist from the inclusion of green criteria in the public tenders.

Moreover, a survey carried out by OECD, to investigate the implementation of GPP in National Environmental Policies, found that the most cited barrier by interviewed national representatives was the lack of training for public procurement officers, the lack of information on financial aspects and lack of information on environmental benefits.

These drawbacks were tackled, at the EU and national level, mostly by promoting the use of internet tools on GPP, that have become the most important instrument to deliver environmental information to purchasers, and by developing environmental criteria for the higher possible number of product/service groups. Moreover, the European Commission published a guidebook in several languages and established, in the framework of the training toolkit on GPP, two set of GPP criteria covering product and service groups in 18 sectors.

In the case of Italy, as already anticipated, national guidelines have been published by the Ministry of Environment that launched a National Action Plan on GPP and defined a set of Minimum Environmental Criteria (Criteri Ambientali Minimi) for some product/service groups (street lighting-lamps, appliances and design of systems; gardening services; office IT equipment; cleaning service and cleaning products; transport vehicles; energy services for buildings; catering service and food; building materials; textiles; office furniture; a guideline on social criteria; street furniture; incontinence aiding devices; paper; cartridges for printers; waste disposal; external doors and windows). These criteria are aimed at clarifying how green requirements can be included in each stage of a public tender and with which awarding logic.

The new Environmental law adopted in January 2016 provides the legal tools to boost GPP (art. 16-19) through the development of a dedicated juridical system to improve the environmental clauses. In this framework GPP obtained the recognition of its strategic role in the scope of the environmental, social and economic sustainability policies. The expected result is a generalized savings in the allocation of public and private financial sources in the future financial years and in other purchasing centres and more generally in the Italian socio-economic system.

In April 2016 the Public Procurement Code was emended due to the implementation of the EU Directives n. 23/2014, 24/2014 and 25/2014 on the “Award of concession contracts, on public procurement and the procurement procedures of entities operating in the water, energy, transport and postal services”. The new Procurement Law introduced the obligatoriness of several green aspects into the national discipline. The article 34 defines the cases in which the Minimum Environmental Criteria must be applied on the total based auction amount (e. g. supply of energy services) and the cases in which they can be applied up to 50%, 30% or even less (e. g. catering). The new law provides details on the life Cycle Cost analysis dividing the costs supported by the contracting entity (use, energy consumption, maintenance etc.) by the costs referred to environmental impacts. The latter are associated with the products, the services or the works throughout the whole life cycle. Therefore, also the costs of emissions and externalities are included.

The main GPP practices in which Italy has been engaging are related to the following product groups: air conditioner, catering service, cleaning services, festival, furniture, heating system, hygienic products, ICT products, paper, public lighting, renewable energy, catering, soil fertilizers, textile products, transportation and waste disposal. This outcome was made possible also thanks to Consip Spa action, since the central contracting authority inserted green criteria in almost 90% of its greenable tender initiatives with a total

green contracted amount of around 11 billion euro. The number of green initiatives is destined to increase thus implying a higher amount of green procured goods and services for the administration which are obliged or choose to buy by means of Consip Spa.

The local authorities exhibit a management deficit when they have to deal with more than one GPP initiative or efficiency plan since they are not able to tackle and merge multiple procurement activities in order to exploit the potential synergies of such an approach. This is actually confirmed by the fact that the officers who are in charge to deal with GPP are usually not the same who deal with other related initiatives such as the Covenant of Major.

2.2 Recognized barriers

In order to provide a more analytic overview of the existing barriers to the implementation of GPP in Italy, an in-depth analysis has been developed by Consip Spa. The overall impact of each barrier has been evaluated by combining the effects of two estimated characteristics as follows:

- prevalence estimating how widespread is the barrier among the organisations within the country;
- weight estimating how much the barrier is preventing green procurement implementation within the organisations in percentage.

This procedure refers to measurement standards and technical rules that require a rather specific knowledge by the purchasing officer. But in general, procurers do not have time to improve their specific ability in this field.

Once more, procurers are not trained nor have a particular knowledge about specific product groups due to the fact that procurement offices are small and without specialisation.

In Italy, about 30,000 procurement offices do exist. Sometimes a single person is in charge of 10 or more product groups, with no practical chances to become an expert of any of them. In this respect, the aggregation of demand could foster specialisation and increasing professional skills.

Furthermore, aggregation could help to reduce procedural costs to a level of cost-effectiveness (i.e. buying 10 units of a product could cost the same as buying 10,000 units, with a considerable reduction in transaction costs, publication costs, appeal costs etc.

At the same time, demand aggregation could result in a better ”value for money” due to a lower per unit price when a larger number of units are contemporarily purchased.

In Italy, the most significant general barriers are the lack of available capital for investments (which hinders purchasing goods with higher initial costs) and of resources (time and capacities) allocated to the green procurement as it is still not considered a priority for the responsible managers. Within the public organisations, three major barriers have been highlighted: budgetary principles that hinder refinancing investment costs from savings on operating costs (due to legal uncertainty about shifting the allocated finances among cost categories and loss of unused finances allocated for energy expenditures the following year) and lack of clarity of legislative and administrative rules on how to conduct green procurement in compliance with the rules, thus the procurers are taking risks of claims of non-compliance, lack of expertise in procurers skills.

In addition, other obstacles that still exist to the national spreading of green (public) procurement are:

- reduction of budget dedicated to dissemination and communication activities;
- scarce diffusion of some green (labelled) products;
- scarce diffusion of a specific and co-ordinated GPP policy among public bodies and private purchasers, although some examples do exist;
- because of legal constraints, public procurers are rather cautious and are used to set strict technical specifications, which can lead to lack of products and therefore lack of competition on the market;
- the provision of technological goods, prototypes or services cannot be conceived with the current practices (this is more related to the so called “technological procurement”);
- difficulties in the creation of a local green market, although some examples for major products do exist;
- lack of expertise on green criteria selection and implementation into purchasing procedures
- cultural resistance to change;
- fearing price increase and reduction of competition;
- cost/benefit evaluation tools scarcely available and lack of knowledge on their proper use.

Possible ways to overcome some of the above mentioned barriers are:

- centralisation of procurement offices, that can create professional purchasers and efficient procurement procedures;
- a specific training course on public procurement at university level;
- a reorganisation of procurement offices creating more specialisation;
- using e-procurement instruments to foster innovation and reducing transaction cost and time;
- creation of calculation tools (excel sheets) evaluating the Life Cycle Cost of green products;
- development of a large number of dissemination, formation and information actions, through presentations, training courses, participation to events, meetings, consultations with stakeholders.

2.3 Opportunities

Experience taught that, provided a correct management, GPP can be an important driving force for the (technological) innovation and the reduction of the environmental impact. GPP can contribute to:

- improvement of the energy/environmental performance of purchased goods/services;
- promotion of re-organisation and rationalisation of the public (and private) purchasing approach and procedures;
- promotion of an environmental friendly behaviour among consumers: energy savings, resources consumption reduction etc.;
- manifest to industrial trend setters the need to manufacture environmental friendly/technologically improved goods;
- diffusion of energy and environmental labels/environmental communication/ certification tools;
- prevent damages to human health and the environment;
- re-use, recycle and reduce waste and save resources or reuse them in a circular process.

In order to achieve all these goals, communication and dissemination campaigns pay a crucial role as demonstrated by the massive information request coming from consumers, local municipalities and to a lower extent private sector.

3 Assessment of the Covenant of Mayors contribution to GPP practices diffusion

In Italy the adhesions to the Covenant of Mayors were more numerous than in any other EU country nonetheless the Sustainable Energy Action Plan (SEAPs) developed after signing the agreement appear very standardized. This implies that the actions lack a real connection with the needs of the territory. What the local administrators appeared to be more interested in is the exploitation of the visibility coming from the adhesion than in actually implementing the actions contained in the SEAPs. This is due to the lack of technical knowledge of the personnel in charge of writing the action plans and the lack of a real synergetic linkage between them and the budget officers who deal with the implementation stage. The narrow-minded attitude of the SEAPs writers emerged from the absence of a shared and systematic approach between the administrations of the same territory. Indeed, they did not manage to coordinate because of the parochial rivalries between towns. This ends up in the incapacity to engage in effective networking and narrows the geographic scope of the SEAPs' GPP intervention measures. Moreover, the turnover due to the political cycles and the different political belonging of the administrators create a discontinuity that is detrimental for the steady implementation of the GPP actions.

Nevertheless, in Italy the municipalities which adhered to the Covenant of Mayors obtained a real implementation of GPP measures. This is due to the fact that the majority of the SEAPs contain GPP actions in the plan and that the actions are usually at least partially implemented by the municipalities. As emerged from the Green ProcA questionnaires or Italy, 78% of the municipalities' personnel dealing with GPP declared to be with green procurement and to possess structured purchasing policies. The percentage of municipalities applying GPP guidelines amount to 22% but 39% have already taken part in trainings and 89% expressed the interest to receive further information on trainings and GPP policies. The need appears particularly pressing as only 28% declared to be familiar with the process of Life Cycle Costing (LCC) or Life Cycle Analysis (LCA) and this percentage might be biased by a limited interpretation of the LCC and LCA scopes. Furthermore, the majority of procurement processes interested by GPP criteria (89%) are far below the EU-threshold and only a limited number of employees (less than five) are involved in the procurement activities. The majority of the Italian municipalities obtained the acceptance of the SEAP and only 50% explicitly excluded to have inserted GPP measures in the SEAP. 17% reported to have formulated a GPP policy in the SEAP, while 33% declared not to be informed on the presence of GPP objectives in the plan. Nonetheless, sample checks performed during the implementation of Green ProcA showed that often the local policy makers are unaware of the existence of GPP actions in their PAES and sometimes they are unable to classify an action as GPP, therefore, we expect that this 33% hides an higher presence of GPP policy in the SEAPs of Italian municipalities.

Moreover, it has been observed that when a city, a town or even a small village adhere to the Covenant a strong signal is sent to the local collectivity about the green intentions of the municipality. This translate into an expectation for future steps in the same directions, therefore the politicians and the public officers who do not want to respect the commitment of the SEAPs suffer a reputational damage.

In conclusion, the signatories of the Covenant can actually be considered greener and are usually forerunners of initiatives to procure goods and services at local level according to sustainable GPP guidelines or real criteria. What is more, they are more likely to engage in informal exchange, guidance development, criteria development, meetings, webinars, joint purchasing and are more eager to take part in case studies. Lastly, they more frequently express the intention to form part of a broader network to enlarge the scope of their action to other aspects of procurement and sustainable good practices.

4 The importance of information, communication and promotion for GPP development

GPP has physiologically proved that a continuous need for information, training and dissemination does exist. This is due to the fact, that as already mentioned several times the lack of technical information and people training is still one of the existing barriers to the purchasing of eco-efficient products. This appears to be a paradox in the current situation of free and abundant availability of information. However, the abundance of information does not necessarily mean that they are objective, transparent and technically correct. Training courses are also needed, for the people working in the procurement departments, again precise, transparent and technically correct information should be provided during the training along with good practice examples. Therefore, information dissemination and training play a crucial role. The information and promotion activities can lead to the inclusion of green criteria into public tenders as technical requirements. In the case a "score" system is used, with specific "points" assigned to the environmental quality, only products fulfilling the specific green characteristics (i.e.: energy consumption, end of life collection, recycle and disposal) are awarded. The initiatives to build awareness among the procurement officers can be particularly useful also for suggesting other way to introduce green criteria into public tenders through contract performance clauses, qualification/selection criteria and contractual clauses, monitoring and execution control.

The organization of networking events with public authorities' networks and the offer of basic and advanced trainings built the capacity of public procurers for GPP as well as new procurement procedures were announced. The involvement of representatives of theme-related governmental bodies, professionals and procurement experts is obviously a significant contribution.

The campaigns that usually are addressed only to public officers might be extended to citizens and economic operators whose role has being gradually acknowledged. Better information clearly improves the knowledge on green products and green market, but more importantly can help the suppliers to remain up to date with respect to the most innovative technologic and qualitative trends. In other words, an early involvement of suppliers in the process allows the timing adoption of new technologies, with innovation improvement and possibly more product/process R&D. Technological innovation improves industry competitiveness on the local, national and global market, however, innovation always requires investments (human and material resources).

From the public administrations side, an effort has been put in capacity building with the introduction of the role of "Energy Manager" who is an expert in Energy Management and is responsible for the conservation and the rational use of energy. He or she has the task to help improving the energy efficiency in all productive sectors and at all levels both in the private and public sectors thus allowing the diffusion of technical information besides an higher degree of professionality in the contractual management.

Lastly, networking, collaboration activities with stakeholders and the private-public cooperation is fundamental to achieve GPP targets. Cooperation with and between various stakeholders assures that the different actors work together for a common objective. Thus, the awareness on GPP initiatives and tools is highly significant in determining both the choice to adopt GPP and the number of tenders that are adopted with the inclusion of environmental criteria. The more a public administration is informed and acquires competence and know-how in developing GPP practices, the more it is eager to experiment these new procedures and introduce greener criteria in the tenders. Large anecdotal evidences show that the information campaign, sensitization on GPP opportunities and training courses for purchasers are actually increasing the capability of public bodies to adopt and effectively "use" environmental criteria in their

purchasing strategies and decisions. Additionally, the role of institutional actors such as the Italian Ministry of Environment in identifying specific GPP criteria has been increasing and becoming more relevant. These institutions can, indeed, simplify the selection of the most suitable criteria for the institutions who are obliged or eager to incorporate sustainability factors. As a result, also small public administrations and local authorities which are not provided with a technical department can issue environmentally advanced tenders and can adopt a authentically green procurement policy.

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