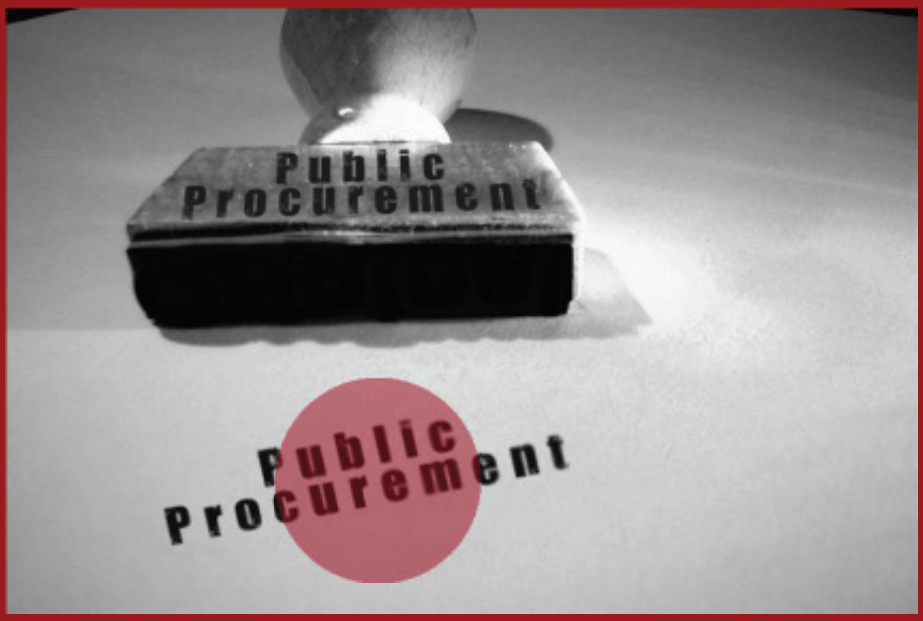
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Strategic Use of Public Procurement in Europe

Final Report to the European Commission MARKT/2010/02/C

Walter Kahlenborn, adelphi; Christine Moser, adelphi
Joep Frijdal, Belmont; Michael Essig, PPRC

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der Bundeswehr
Universität München
Research Center for Law and Management of Public Procurement

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Executive summary

Introduction to the topic

Public procurement, the process by which governments and regional and local public authorities or bodies governed by public law purchase products, services and public works, represents large volumes of public spending each year. Given its economic significance, public procurement has the potential to influence the market in terms of production and consumption trends in favour of environmentally friendly, socially responsible and innovative products and services on a large scale. The desire to integrate such other policy objectives into public procurement is already widespread throughout Europe, and the European Commission also attributes considerable importance to this issue as an important measure for implementing the "EU 2020" strategy, as well as the European sustainability strategy.

Objectives and methodology

The main objective of this study is to provide an authoritative and comprehensive review of EEA Member States' (hereafter referred to as Member States or MS) experiences in integrating other policy considerations into procurement policy and practice. 'Other policy considerations' include:

- promoting environmental aspects (green public procurement – GPP);
- adherence to certain social and ethical standards (socially responsible public procurement – SRPP); and
- the promotion of innovative goods, services or works (public procurement promoting innovation – PPPI).

The research aims to make the use of other policy goals in public procurement throughout Europe more transparent. Therefore the analysis centres on three core questions:

1. What are the framework conditions that Member States establish to achieve other policy objectives?
2. How are other policy objectives implemented by individual contracting authorities (CAs)?
3. What are the effects of such activities?

A diverse set of qualitative and quantitative methods are employed to address these core questions. To provide an account of Member States' strategic use of procurement to achieve other policy objectives, national policy approaches and legal provisions as well as initiatives have been identified and compiled through desk research and interviews with national representatives, resulting in the production of 30 country fiches. In the process, affected proportions and budgets have also been estimated, and several leading initiatives are highlighted in more detailed case studies. In addition, a web survey of European CAs and selected follow-up interviews with procurement practitioners and representatives of supplying companies were conducted in order to compile a body of qualitative and quantitative evidence on the implementation of other policy objectives by individual CAs, as well as to assess the factors contributing to the effectiveness of such policies in changing procurement outcomes. Finally, a procurement files analysis (PFA) was conducted with selected CAs in Europe to provide

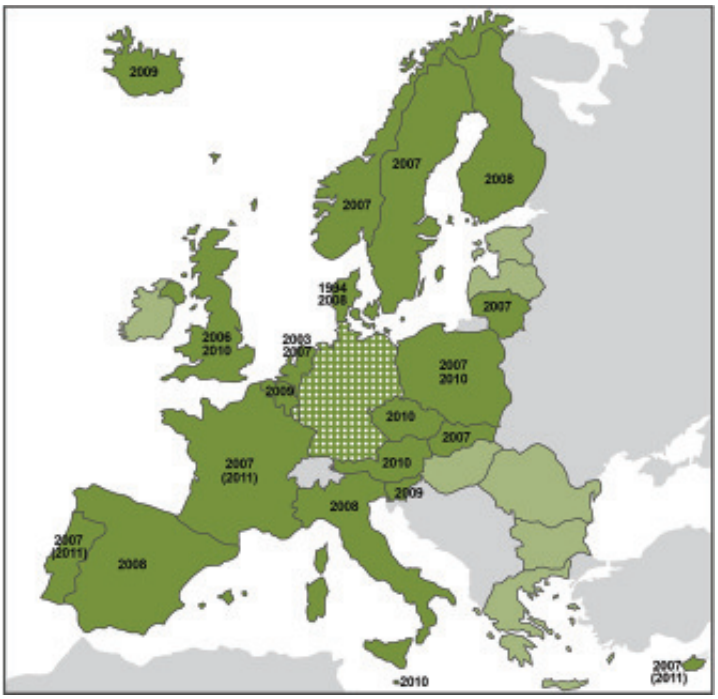
information on the effectiveness of including other policy goals in influencing procurement outcomes. Together, these methods allow for a comprehensive assessment of MS' experience in integrating other policy considerations into public procurement.

In the following we present separately the results for the three areas of GPP, SRPP and PPPI, as well as some reflections on overarching issues.

The GPP train gathers speed

GPP is gaining in momentum throughout Europe. A majority of EEA countries (20) have developed specific National Action Plans (NAPs) on GPP or SPP, for the most part since 2005 (with the exception of the Czech Republic, which started earlier). Three further countries are in the process of adopting an already developed GPP NAP (Estonia, Latvia and Romania), and four are currently developing a GPP NAP (Bulgaria, Greece, Hungary and Ireland). Of the remaining three Member States, only Liechtenstein expressly eschews pursuing additional policy objectives in procurement; Luxembourg addresses sustainable public procurement in its more general sustainable development strategies. Germany officially rejects the policy tool of a national action plan for its complex, federally organized procurement system, though SPP is integrated into various sector strategies. Accordingly, it can also be observed that in many countries the integration of public purchasing into other sector strategies (thus by means of broader, not necessarily procurement-specific policies) has also increased since 2005.

Figure I: NAP chronology



The GPP front-runners

Denmark, the Netherlands, Norway, Sweden and the UK stand out as front-runners on GPP, with long-standing policies with compulsory elements, elaborate criteria schemes and institutionalized, proactive capacity-building efforts. Austria, Belgium, Finland, France, and Germany are also particularly advanced, with well-established and elaborate approaches to GPP, though they appear to fall slightly behind the front-runners in terms of the communication, levels of support and institutionalization of GPP. While advanced in terms of policymaking, Finland's GPP performance is also expected to lag behind in comparison, with somewhat less elaborate criteria development and dissemination, and the only compulsory elements being mandatory targets for central government levels. Remarkably, however, these ten Member States all stipulate targets and/or make GPP mandatory in some fashion. Along with knowledge and capacity building, their policies embody the potential success factors of strategic approaches, making them among the most advanced countries in terms of GPP.

Widespread use of target setting for GPP

The use of target setting by MS for achieving GPP objectives is widespread. Only Norway, Luxembourg, Liechtenstein, Greece and Bulgaria do not formulate any targets related to other policy objectives in procurement (Sweden and Cyprus set individual targets that are of a qualitative nature and hence are not included in the overview). The modes in which political targets are set vary and can be differentiated as follows:

- Aiming for a general level of GPP
- Obliging particular levels of government or authorities
- Stipulating targets for specific product groups

Table I: Focuses of Member States' target setting

	AT	BE	CZ	DE	DK	EE	ES	FI	FR	HU	IE	IS	IT	LT	LV	MT	NL	PL	PT	SI	SK	RO	UK
General	x				x							x	x	x	x			x	x				
Gov. level		x						x									x				x		
Product group			x	x	x	x	x	x	x	x	x					x	(x)			x		x	x

Among those countries with general GPP targets, three (Latvia, Denmark and Portugal) have aligned their target setting with the recommended European target level of 50% GPP (for 10 product groups) by 2010;[1] Iceland is the only country that sets a more ambitious target. The Netherlands and Finland have set ambitious specific government level targets and apply them not only to the central government; both countries have also targets which increase progressively over time and aim to achieve 100% GPP at the central level.

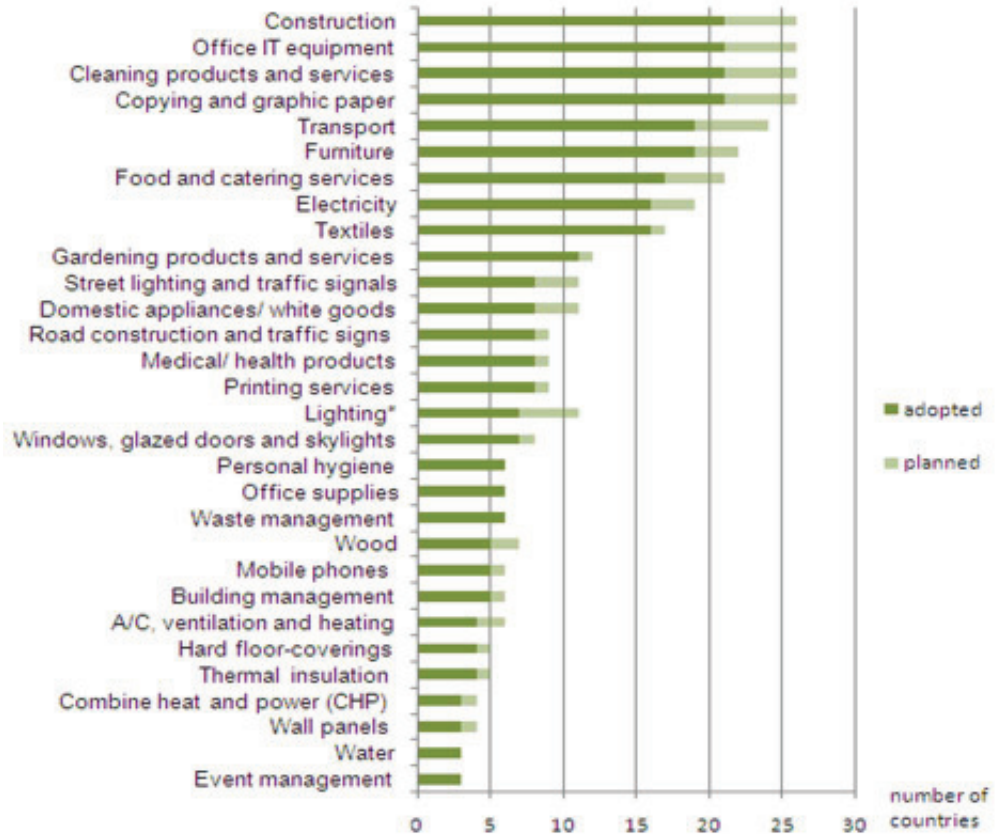
[1] European Commission 2008b.

As shown in Table I, targets for specific product groups are by far the most common among the Member States; 13 out of the 28 countries that set GPP priority product groups and criteria also establish corresponding targets. Romania, Slovenia and Estonia make target specifications for seven, eight and nine priority product groups, respectively, while France specifies quantitative targets for most of its priority product groups (11 GPP-related) and the Netherlands' targets apply to all priority product groups. The product groups for which targets are set typically overlap with the EC GPP priority product groups.

GPP priority products and product criteria – following the EU

Many Member States follow the EU's approach to GPP based on the use of common environmental criteria for specific priority product groups, often drawing on the two EC GPP criteria sets.[2] Of the 30 countries, only two (Greece and Liechtenstein) have not yet adopted or plan to adopt specific GPP product groups; some countries, such as the Netherlands and the UK, have prioritized more than 50 product groups. The 30 most commonly used priority product groups are shown in Figure II.

Figure II: Number of countries referring to a product group[3]

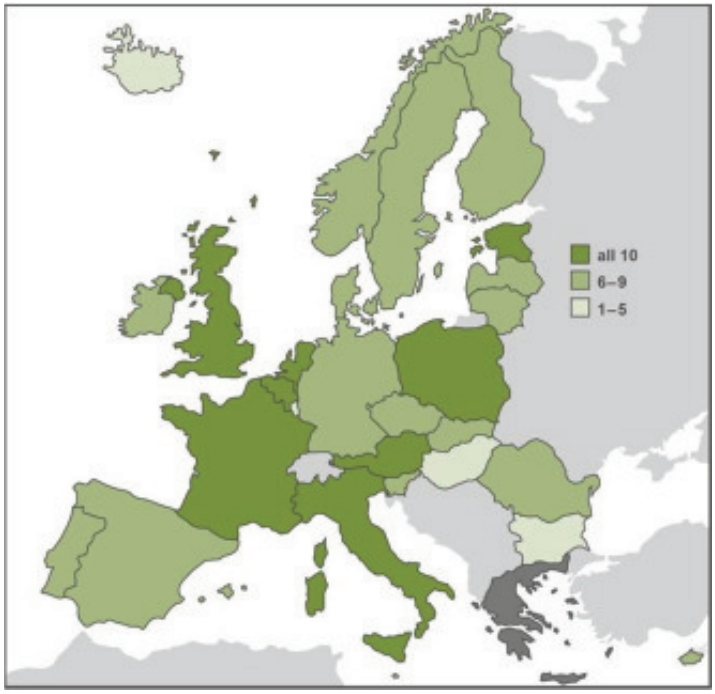


[2] http://ec.europa.eu/environment/gpp/gpp_criteria_en.htm

[3] *Lighting: Due to ambivalent product group descriptions, it was not always possible to map product groups from different Member States. One example where two product groups were left separate is lighting: Some countries refer to "street lighting and traffic signals" whereas other countries refer to "lighting", but as light bulbs are categorized under buildings they do not fall under "street lighting and traffic signals".

As listed in Figure II, the top ten most commonly referenced product groups revealed by the country analysis overlap with the EC GPP Set 1 priority product groups. Many countries have also adopted a number of product groups which overlap with some or all of the EC GPP Set 2 priority product groups (8 product groups) from 2010, most commonly street lighting and traffic signals, and road construction and traffic signs. Figure III shows the extent to which countries' identified product groups overlap with the EC GPP priority product groups.

Figure III: Overlap with EC GPP Set 1 priority product groups



The impact of the EU-promoted product groups thus appears to be significant overall. Around half of the countries examined have adopted GPP priority product groups which correspond to the EC GPP criteria. This applies mainly (but not solely) to the new Eastern European Member States that have joined the EU since 2004, such as Estonia, Latvia and Slovakia. Other countries are inclined towards the EU criteria scheme but have not (yet) fully adopted the entire set of criteria for product groups promoted at the European level. Even those countries whose policies extend beyond the EC GPP criteria sets note the guiding role of the EU in shaping governments' priorities; France explicitly notes that its agenda is influenced by EU policies.

Large GPP markets are emerging

Current data on budget volumes for GPP (and even more so for SRPP and PPPI) are scarce and difficult to compare. Additionally, so far only a few countries (including none of the frontrunners on GPP) can provide government estimates for GPP markets. For the purposes of this study, the existing targets of various Member States have therefore been used to estimate GPP budget volumes.

Given the difficulties in estimating total public procurement, the volume for those countries with general targets – based on very conservative estimates – ranges from 67.94 Mio € (Iceland – 30% target) and 230.78 Mio € (Lithuania – 20 % target) to 2.73 Bln € (Portugal – 50%

target), 4.11 Bln € (Denmark – 50% target), 5.46 Bln € (Poland – 20% target) and 10.52 Bln € (Italy – 30% target).[4]

Based on the targets for different government levels, GPP budgets range from 321.36 Mio € (Belgium – equal to 3.6 % of total public procurement) and 327.98 Mio € (Slovakia – 7.1%) to 812.65 Mio € (Finland – 14.8%) and 3.22 Bln € (the Netherlands – 34.8%).[5]

As described above, many Member States apply targets to specific priority product groups. Table II shows (in the first column) the number of priority product groups for which specific targets exist and (in the second column) public expenditure in those product groups as a share of total public procurement expenditure (using TED data). In a third column the table shows the percentage of GPP related to total public procurement based on the national GPP targets for the specific product groups.

Table III: Priority product group expenditures as shares of national overall PP

	# Priority product groups	Total priority product groups share (%) of national overall PP (lower band)	GPP-affected total priority product groups share (%) of national overall PP (lower band)
EE	9	19.19	9.34
SI	8	43.39	19.78
RO	7	50.18	5.69
FI	5	48.20	43.65
FR	11	62.59	29.84
HU	3	10.03	8.89
CZ	2	10.76	2.37
ES	5	3.40	1.69
MT	2	1.18	0.64
IE	1	2.50	0.25

An observable trend among the countries with priority product group projections is that three priority product groups generally represent the biggest shares of GPP-affected national budgets:

- Construction
- Transport

[4] All targets for 2010 except Italy, 2007; calculations with TED figures from 2009.

[5] All targets for 2010 except Belgium, 2011; calculations with TED figures from 2009.

- Office IT

These three product groups belong also to that product groups for which most often targets exist and to which the Member States are mostly referring to in their policies.

Though the budget estimations based on targets provide further insight, they do not deliver a coherent account of GPP budgets and affected shares of total procurement expenditures. However, when one looks at the whole picture and takes into account the findings on priority product groups, it becomes clear that:

- GPP markets in the EEA certainly sum up to at least the two-digit Bln € range.
- Certain product markets are particularly affected and it is quite likely that these GPP product markets will even grow.
- For certain product groups (esp. those mentioned above: construction, transport, and office IT) GPP shares are high enough to exert an impact on the market.

GPP – organizational uptake and performance go hand in hand

In general the level of awareness of federal state policies on GPP is rather in the countries examined – 56% of the CAs participating in the web survey indicated that they were aware of them. Not surprisingly the level of awareness corresponds by and large to the intensity of policies. This holds true especially for the front-runners, which have rates of 70–80% and above.

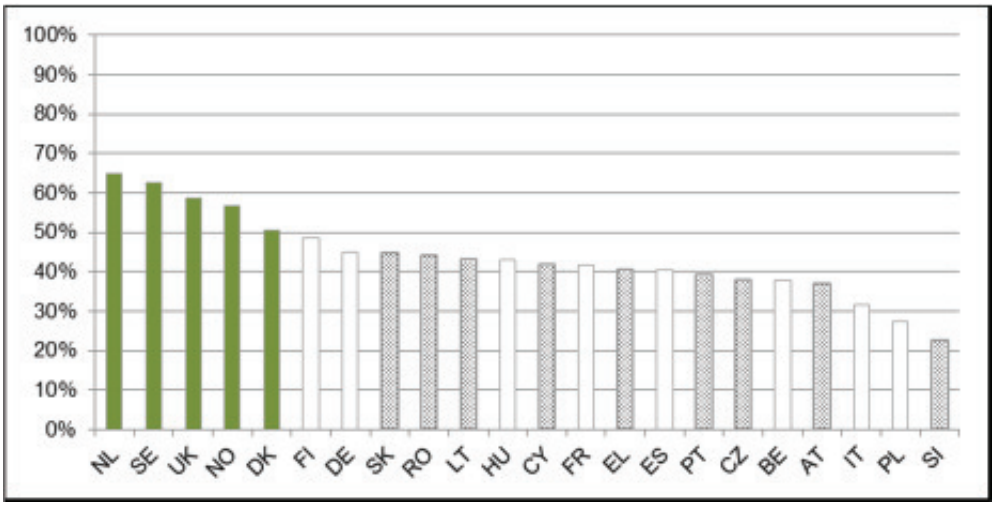
At the same time the level of awareness corresponds very closely with the level of uptake within the organizational policies in the CAs. In most Member States the number of CAs applying at least one kind of organizational policy (procurement strategy, procurement regulations, procurement procedures, purchase conditions) is slightly higher than the number indicating awareness, while the number adopting two organizational policies is generally lower than the number indicating awareness.

Again, it is the front-runners that display the most intensive adoption of organizational policies on GPP. Compared with other countries, the front-runners adopt mostly the "procurement strategy" followed by "procurement procedures". Other countries adopt mainly "procurement procedures" and "purchase conditions" and display a lower level of intensity than the front-runners.

A rather close match can be observed between the level of uptake of organizational policies and the performance of Member States in using GPP requirements in tender documents (in terms of both whether they are used and the frequency of their use). Of CAs, 64% make some use of GPP in tender documents. No particular correlation is evident between the use of one of the four approaches in organizational policies and the use of GPP requirements in tender documents.

The Netherlands, Sweden, Norway, the UK and Denmark, the leading countries in terms of policies and programmes as well as disseminating activities, are also the countries that most intensively use GPP requirements in their contracts. Finland, Germany and France also perform well. Austria, in contrast, which also has long-standing policies on GPP, does not reach the same level, though possibly because of greater statistical error in the Austrian data set.

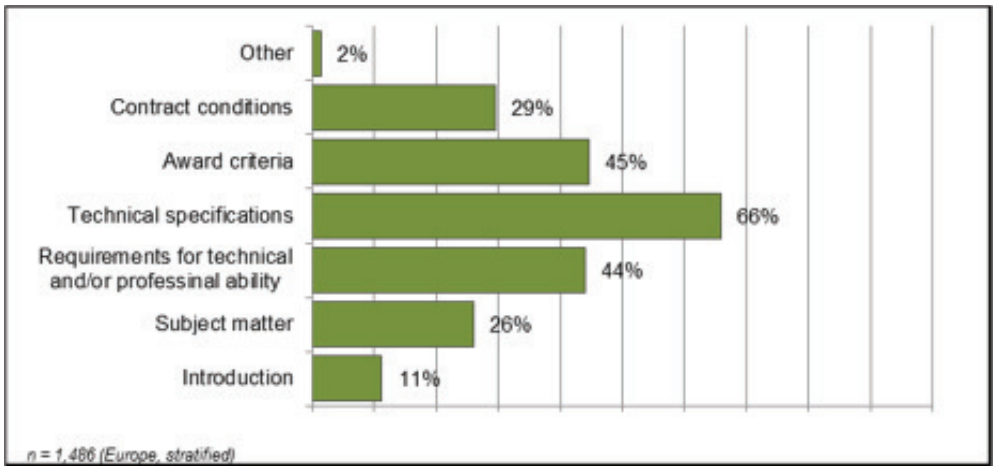
Figure IV: Relative GPP usage rates



Patterns of integrating GPP

On average CAs use technical specifications most often (66%) as the tender section for GPP, followed by the award criteria (45%) and the requirements for technical and/or professional ability (44%). Their introduction is used by only 11%.

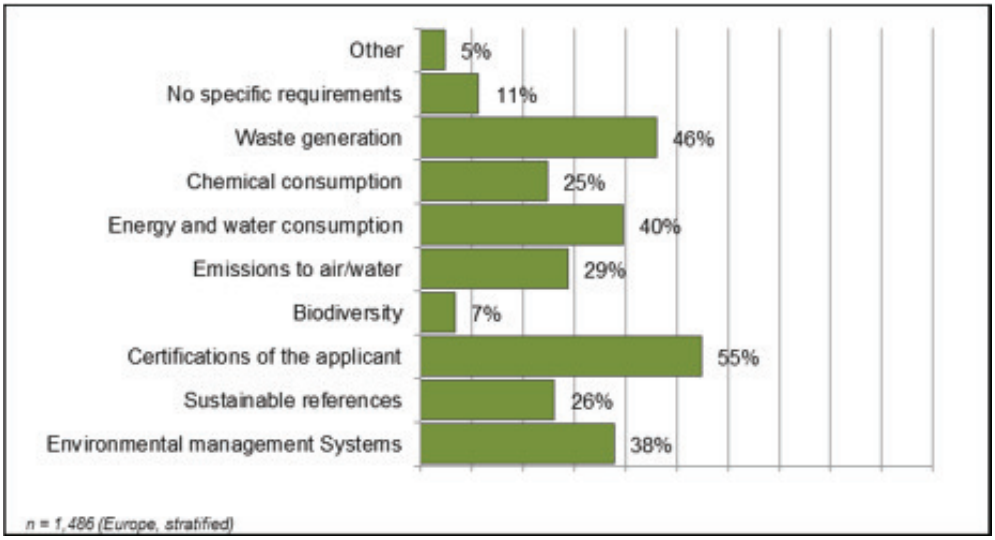
Figure V: Addressing GPP objectives



The GPP leaders, namely, Denmark, the Netherlands, Norway, Sweden and the UK, use most of the sections and also use them more often than the other Member States. They also more often use the introduction (22% vs. 7%), the award criteria (54% vs. 32%) and the requirements for technical and professional ability (56% vs. 44%). The other Member States predominantly include the GPP requirements in technical specifications, even more so than the GPP leaders (67% vs. 59%). The use by some CAs of various elements as well as technical specifications is possibly an indication that such CAs are more confident in applying GPP, whereas those that use only technical specifications do so because the (minimum) GPP criteria have been predefined, and they are sure they are legally valid.

In the tender documents CAs mostly use GPP requirements regarding certifications of the applicant (55%), waste generation (46%) and energy and water consumption (40%). Biodiversity as such seems to be of little interest, being used by only 7%. This is probably because many respondents did not relate specific requirements, such as for sustainable wood, to biodiversity, even though the use of such wood is legally required in a number of MS.

Figure VI: Use of specific GPP requirements



The GPP front-runners more frequently require that the bidders have an environmental management system in place (55% vs. 38%). They also more often use requirements with regard to use of energy and water (41% vs. 34%) and with regard to emissions to air and water (38% vs. 27%). The other Member States mainly use requirements regarding certifications of the applicant (57%), waste generation and the use of an environmental management system (EMS).

Regarding award criteria CAs mostly use certifications of the applicant (32%), waste generation (27%) and consumption of energy and water (26%). Biodiversity is used by only 4% of the CAs as an award criterion.

The differences between the front-runners and the other MS are not great. The only differences of importance are the use of requirements for energy and water consumption (29% vs. 23%), emissions to air and water (26% vs. 18%) and certifications of the applicant (28% vs. 37%). Remarkably, the GPP leaders use certifications of the applicant less frequently than the other MS. This is of interest, because, in principle, requirements for technical and/or professional abilities cannot legally be used as award criteria as they are so-called minimum criteria. The fact that the GPP leaders indicate this less frequently may suggest that they have more professional purchasers who are more aware of the limitations imposed by the EU procurement Directives.

SRPP is gaining ground

Socially responsible public procurement has not been found to be the sole subject of a targeted policy (such as an NAP) in any of the Member States. However, there is a noticeable trend of GPP NAPs increasingly including aspects of SRPP. Furthermore, broader policies in the Czech Republic, Denmark, Finland, Germany, Italy, Lithuania, Luxembourg and Slovakia (and also in Belgium, France, Poland and the UK) stipulate that social objectives are to be

considered in public procurement. Legal approaches to SRPP are present in ten Member States (Austria, the Czech Republic, Belgium, France, Germany, Italy, Slovakia, Spain, Sweden and Norway); in most cases, however, laws refer to highly specific considerations, the most prominent being the inclusion of people with disabilities and respect for labour rights (ILO core conventions). General guidance activities on SRPP could also be identified in most of the aforementioned countries. Remarkably, the implementation of SRPP in the Member States is backed by a number of initiatives on the regional and local levels. For example in Austria, Germany, Spain and France, such initiatives equip purchasers on the ground with specific criteria and tools for particular product groups. All in all, a majority of Member States are engaged in SRPP. However, it is difficult to establish front-runners in policies, programmes and dissemination activities. It is nonetheless worth mentioning that all of the countries with advanced GPP approaches address SRPP in some way or another as well.

SRRP priority products and product criteria

Member States with SRPP policies seldom if ever prioritize particular product groups. One exception is the Netherlands, which has prioritized five product groups for SRPP, adopting specific social and ethical criteria in 2010; Austria, Norway and Poland have explicitly stated that they plan to develop social criteria in the near future. Some countries, such as Denmark, include social and ethical considerations in the criteria for relevant GPP product groups. Product groups found in the country analysis in the context of SRPP approaches include: textiles and footwear, food, drinks and catering services, timber and timber products, cleaning services, stones, flowers, fuel, and construction services. Beyond general appeals to make purchases with social or CSR considerations in mind, the SRPP criteria most commonly adopted by the countries examined include: ILO core labour standards, reservations for social enterprises or workshops employing the disabled (sheltered workshops), social inclusion and equal opportunity, reservations for small and medium-sized enterprises (SMEs) and fair trade standards.

SRPP – organizational uptake and performance go hand in hand

Given that SRPP policies are generally less elaborate, the share of CAs indicating they were aware of national policies on SRPP is rather high, at 39% of respondents. While it is difficult to discern Member States with strong SRPP policies in place, the results show that the front-runners on GPP are the front-runners on SRPP as well, with only Sweden slightly trailing behind.

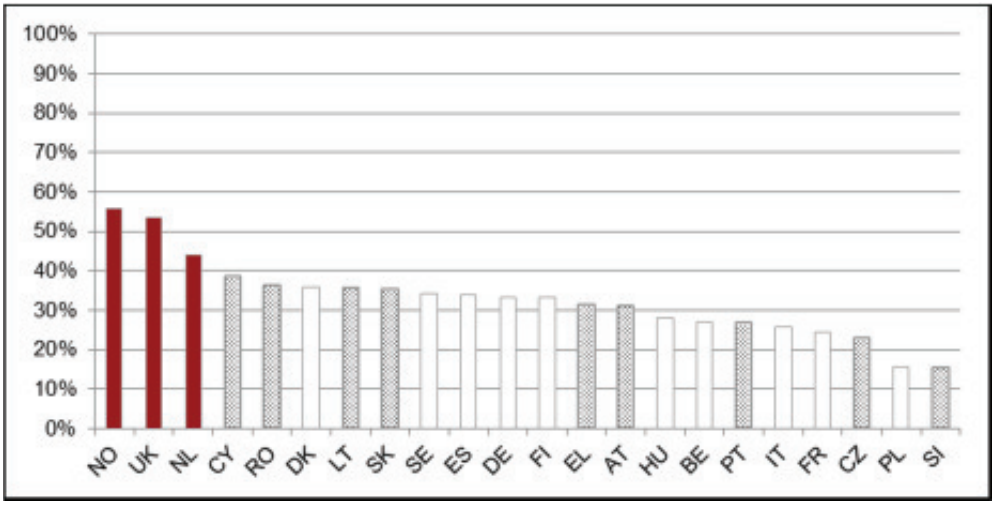
As in the case of GPP, the level of awareness corresponds rather closely with the level of uptake of organizational policies. The leading countries here reach levels of above 80%. The internal approaches used for promoting SRPP are mostly the same as for GPP; only the "procurement strategy" and the "procurement procedures" have equal shares in the front-runners' organizational policies.

The use of organizational policies corresponds noticeably to the level of SRPP use in tender documents; that is, the more often CAs apply organizational policies on SRPP, the more frequently do SRPP requirements find their way into the tender documents. There is, however, no particular correlation between some SRPP approaches and higher level of use of

SRPP in tender documents. Of CAs, 49% make some use of SRPP in their tender documents.

The SRPP front-runners (Norway, the United Kingdom, and the Netherlands) show high rates of SRPP (above 40%). One of the countries with the lowest rate is France, which is surprising given the importance attached to SRPP. Again, the possibility of statistical error should be kept in mind for those countries with lower response rates.

Figure VII: Relative SRPP usage rate

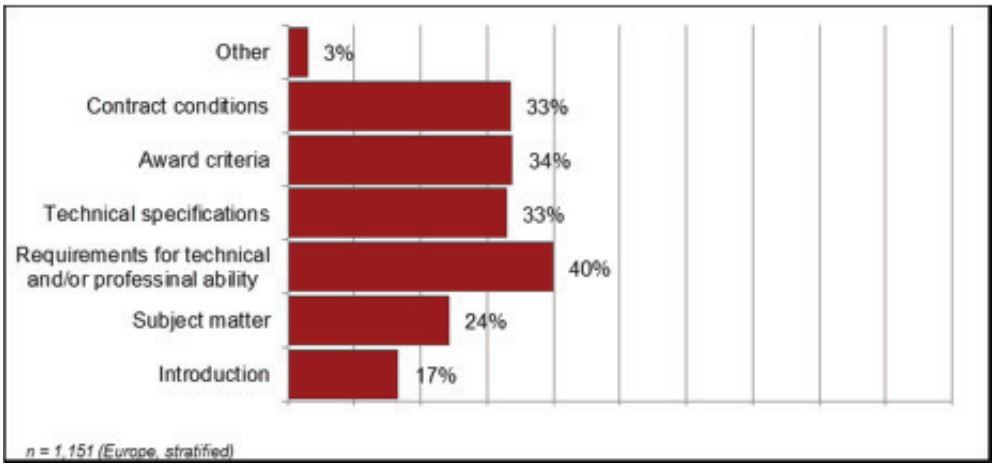


Patterns of integrating SRPP

CAs use the requirements for technical and/or professional ability most often (40%) to introduce SRPP in tender documents, followed by the contract conditions (33%) and the award criteria (34%). The introduction is used by only 17%.

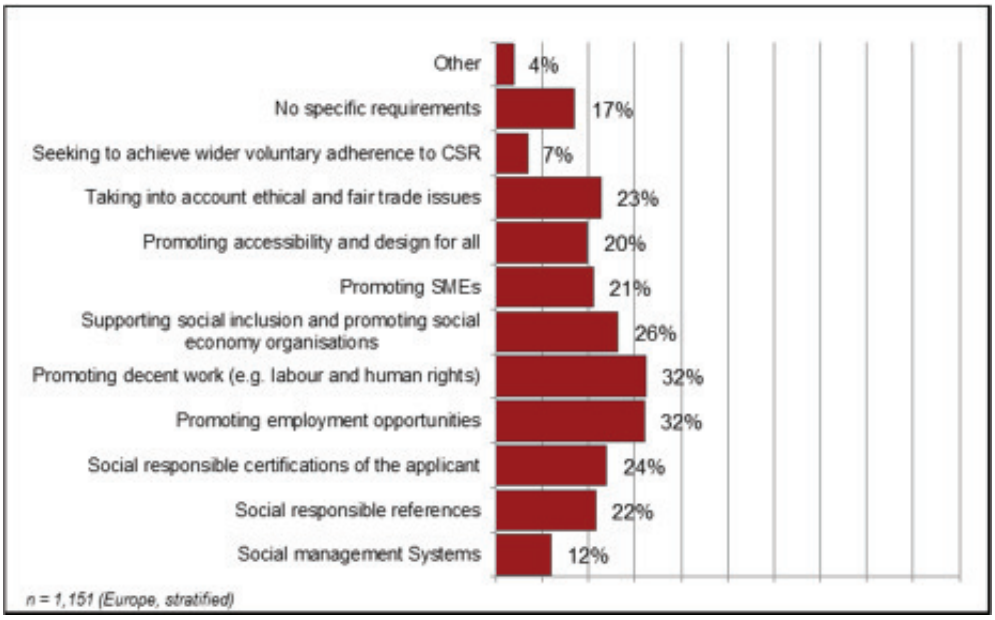
The pattern of how SRPP front-runners use the various sections is comparable with the practices of GPP front-runners. They use the sections in a more balanced way and also use each of the sections more often than the other Member States.

Figure VIII: Addressing SRPP objectives



As is the case with the GPP front-runners, the SRPP front-runners use the introduction (33% vs.15%), contract conditions (43% vs. 33%) and subject matter (35% vs. 23%) sections more than the other groups. They also use the award criteria (36% vs. 23%) more to address SRPP objectives. The other MS mostly use requirements for the technical and/or professional abilities of the bidder and technical specifications (44% vs. 39%). Usually, the use of contract clauses is recommended to address SRPP requirements. There is evidence for this in the survey results: frontrunners do use contract conditions more for SRPP than for GPP: 43% vs. 39%. The results show, however, that the SRPP frontrunners use the other sections in a more or less equal way, thus exploiting all possibilities the structure of the tender offers. On average CAs use mostly SRPP requirements for promoting employment opportunities (32%) and decent work (32%). However, seeking to achieve wider voluntary adherence to CSR is used only by 7% of the respondents.

Figure IX: Use of specific SRPP requirements



The SRPP front-runners more often take into account ethical and fair trade issues (42% vs. 22%) and requirements promoting decent work (52% vs. 32%) and employment opportunities (40% vs. 25%)

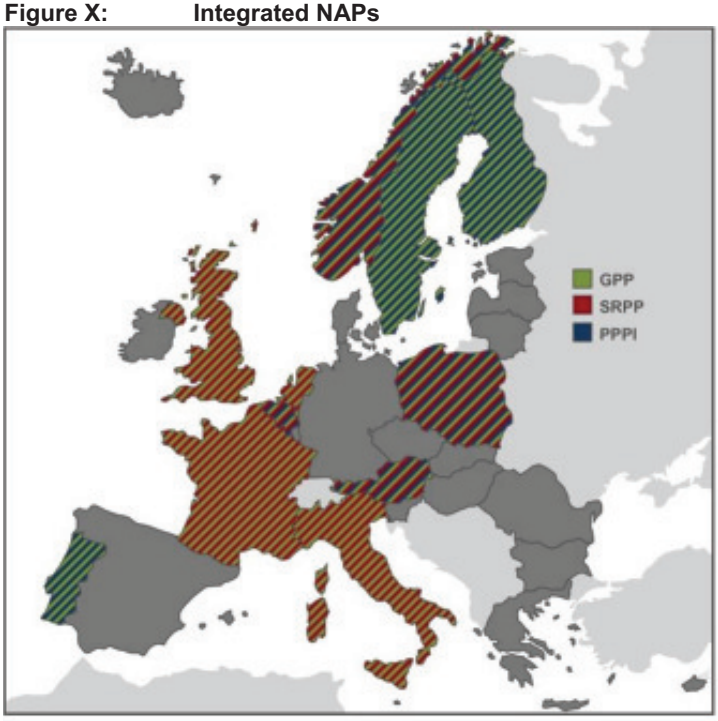
Finally, CAs use mostly award criteria for promoting employment opportunities (22%) and decent work (18%). Seeking wider voluntary adherence to CSR is used by only 4% of the CAs. SRPP front-runners use award criteria more often than other Member States for promoting employment opportunities (31% vs. 17%), supporting of social inclusion (29% vs. 10%) and the promotion of decent work (27% vs. 17%). They make less use of requirements for certifications of the applicant (13% vs. 19%). As with GPP certifications, the use of these certificates can create legal problems. In general professional procurers are aware of this, with the low rate being a possible indication.

PPPI

PPPI is not solely addressed by any specific NAP, but Sustainable Public Procurement NAPs in Austria, Belgium, Finland, Norway and Poland explicitly include innovation objec-

tives. The same is true of GPP NAPs in Portugal and Sweden (Sweden is currently examining the merits of a PPPI NAP).

Figure X: Integrated NAPs



More important are broader policies such as sustainable development or innovation and/or research strategies as well as environmental technology strategies in 16 countries that call for public procurement to drive innovation through public demand (Austria, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovakia, Spain and the UK). A legal approach, however, has been adopted only in Portugal. Eleven countries promote PPPI through dissemination activities of some sort, including occasional activities such as conferences. While guidance documents are seldom provided on PPPI, conferences, networks and helpdesks are popular types of activities. In this context, Finland, Norway, the Netherlands and the UK stand out with programmes in place for innovation procurement. As with SRPP, a more distinguished grouping for PPPI countries is not feasible, although the approaches of Finland, Norway, the Netherlands and the UK provide good policy examples.

PPPI priority products and product criteria

Most countries do not explicitly or systematically prioritize particular product groups for innovation procurement. When they are prioritized, however, PPPI is often linked to GPP product groups. Product groups found in the country analysis in the context of PPPI approaches include: environmental technology (for waste and water sectors), office IT equipment, renewable energy, energy-efficient technologies, transport, construction and urban planning, health sector and medical equipment, and defence and security technology.

Although the term “innovation” is extensively used in Member States’ policies and programmes on sustainable public procurement, specific references are very rare and remain vague. Instead, innovation itself is often named as a criterion for procurement, along with

quality and effectiveness. In most countries specific PPPI criteria are non-existent; rather, broad considerations are recommended to promote innovation in procurement, often with a focus on the promotion of SMEs. In a number of countries PPPI is promoted through specific methods of procuring innovation, such as public–private partnerships, for example in the Finnish *Action Plan for Demand-driven Innovation*, which promotes incentives for risk-taking models and risk management tools. Other considerations include pre-commercial and forward commitment procurement (FCP), for example in the Swedish approach to PPPI, which also focuses on catalytic procurement.

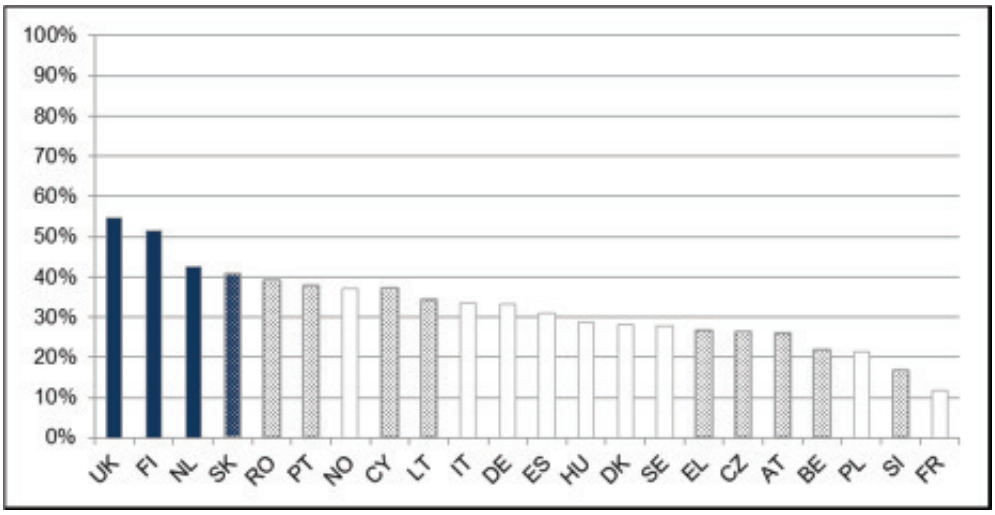
PPPI – organizational uptake and performance go hand in hand

Awareness of national policies on PPPI stands at 18% on average in the EEA. That level seems rather high given the low levels of policies and activities on PPPI in most Member States. The Netherlands, Finland, Norway and the UK, the countries which seem to display stronger policies on PPPI, are also those countries with the highest awareness levels, ranging here between 20% and 46%.

As with GPP and SRPP, the awareness level corresponds rather closely to the level of uptake of organizational policies on PPPI. Front-runners and the other countries use organizational policies with far less intensity, but the same deviation in the pattern is evident as for GPP, although for PPPI front-runners the "procurement strategy" followed by the "procurement procedures" have relatively higher shares in the organizational policies than the procurement regulations and the purchase conditions.

According to the survey, 48% of CAs in the MS make some use of PPPI in their tender documents. The UK, Finland and Norway clearly surpass the other countries in the combined responses of CAs to the questions of whether and how often they apply PPPI in tender documents. Austria and France lag far behind. Again, possible statistical errors have to be kept in mind for those countries with lower response rates.

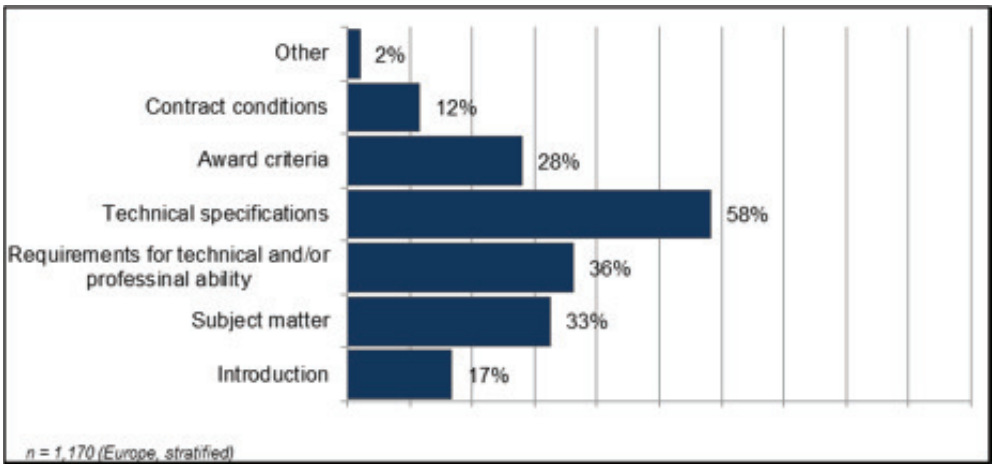
Figure XI: Relative PPPI usage rate



Patterns of integrating PPPI

On the European level CAs use technical specifications most often (58%) for PPPI in the tender documents, followed by the requirements for technical and/or professional ability (36%) and the subject matter (33%). The introduction is used by 17%.

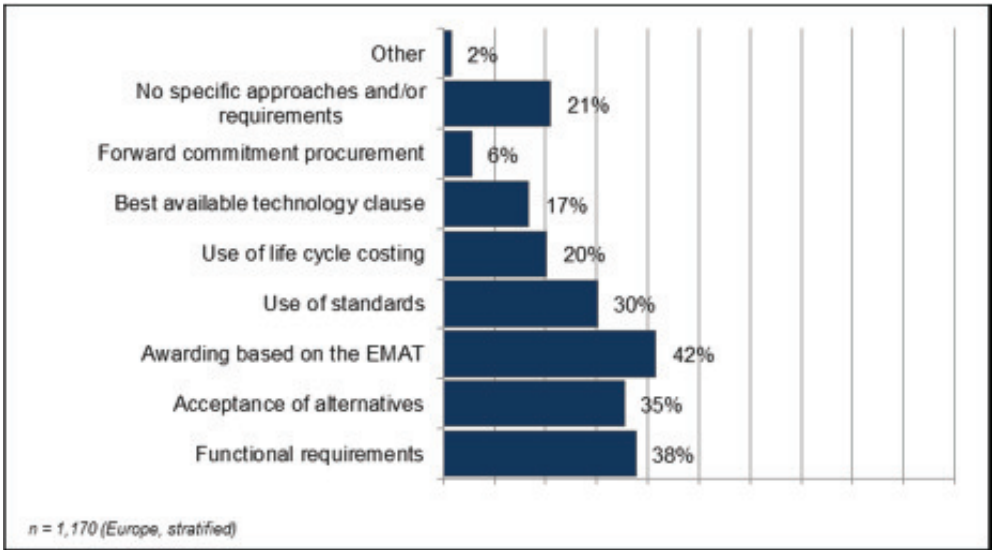
Figure XII: Addressing PPPI objectives



The PPPI front-runners, namely Finland, the UK and the Netherlands, use more of the various sections and also use them more often than the other Member States. These countries use the introduction and subject matter sections more than the other MS, as well as the award criteria. The other MS predominantly use the technical specifications. When technical specifications are used, the other MS use detailed technical specifications as much as the front-runners, but use the other options less frequently.

On average CAs mostly use EMAT (42%), functional requirements (38%) and the acceptance of alternatives (35%) to promote innovation in the tender documents. Forward commitment procurement is used only by 6%.

Figure XIII: Approaches for PPPI



The PPPI front-runners more often use EMAT (63% vs. 36% in the other MS), functional requirements (54% vs. 41%), acceptance of alternatives (44% vs. 28%) and life-cycle costing (33% vs.16%) to promote innovation.

With respect to award criteria it can be stated that CAs mostly award functionality above the minimum required functions (33%). Other award criteria used are life-cycle costing (19%) and additional standards (18%).

The PPPI front-runners also more often award functionality above the minimum (39% vs. 30%) and use life-cycle costing (27% vs. 17%). However, the other MS more often use additional standards as an award criterion (20% vs. 17%).

Monitoring policies and programmes for GPP, SRPP and PPPI

Monitoring public procurement and related expenditures remains in general weakly developed and comparatively inconsistent throughout Europe, especially with regard to the integration of other policy objectives.

Analogous to the prevalence of GPP policies, monitoring and reporting efforts are strongest for GPP. Generally, where GPP NAPs or equivalently targeted policies are in place, the importance of evaluation and monitoring is underlined and most often addressed.[6] Although targets are more common among the MS than established monitoring systems, mandatory targets are typically accompanied by monitoring systems to promote compliance. Monitoring also commonly focuses on the use of criteria applied in public tenders for certain product groups. Where centralized procurement structures and/or strong public procurement agencies exist, they appear to foster monitoring activities by attaching docking points on to existing structures. This is the case in France, Portugal, Poland, Lithuania and the Czech Republic. Yet even for GPP, the monitoring approaches envisaged lack clarity and consistency, particularly regarding the different strategies for monitoring monetary value and number of contracts.

For SRPP, hardly any such specific monitoring or reporting systems and reporting lines exist. Under their respective targeted schemes, monitoring of social and ethical considerations in procurement is foreshadowed in Belgium, France, the Netherlands, and Lithuania.[7] No systematic monitoring and reporting of PPPI is undertaken in any Member State, although here the need to do so is broadly recognized.

Monitoring of contracts

Only 24.8% of the respondents indicated that they monitor the environmental performance of suppliers. For SRPP and PPPI the figures are even lower: 16.3% and 6.3%. Of the interviewed procurement agents, 68.2% stated that their organization does not have a system in

[6] In addition to the countries currently developing or adopting a GPP policy (thus also developing the respective monitoring systems), Austria, Belgium, Germany, Italy, Finland and Luxembourg report that they are working on setting up specific evaluation systems.

[7] Austria, Italy, Luxembourg and Poland also intend to move in this direction.

place to monitor compliance in any of the three categories. Countries with relatively high rates of monitoring environmental performance include the United Kingdom (49.5%), Denmark (38%) and Finland (26%). With the exception of the Netherlands, the front-runners on GPP clearly perform better on monitoring.

CAs provided several reasons for the generally low monitoring rates. A lack of resources and political support as well as insufficient know-how in establishing a monitoring scheme are important barriers. A further challenge is posed by the difficulties of verifying compliance. The CAs do not have the capacity to systematically verify compliance with all requirements. This is even more difficult when suppliers (as many of them do) have a long supply chain that is often located abroad. It is difficult to verify the environmental performance of suppliers in these cases. As an alternative strategy, CAs are increasingly relying on suppliers to present proof of compliance with certain criteria, which is mostly done in the form of third-party verified audits. This presents a new set of challenges for suppliers, who have to carry the costs for these activities – a problem particularly for SMEs.

Effects of other policy considerations on product cost and availability

When GPP requirements are included, 37.9% of the survey respondents reported cost increases, whereas 33.2% reported costs remaining constant. Only a minority of respondents indicated that costs may decrease (half of the replies gave 'no opinion' or no response). In particular, nearly half of the respondents from Finland, Norway and Spain (51.2%, 51.2% and 50% respectively) claim that GPP requirements have no effect on costs. The interviews indicated that the purchase price is expected to be higher in the short term when GPP requirements are included. The explanations given of constant costs reflect a long-term perspective. Lower life-cycle costs of GPP-compliant goods and services and increasing competition over time as GPP compliance initially gives a competitive advantage are assumed to restore the balance of the costs of goods and services purchased with GPP requirements. Factors offsetting or not balanced by long-run effects might include the costs of formal certification of compliance and the necessity of building expert knowledge of GPP requirements.

In terms of product availability, 43.1% of respondents noted that they usually receive a limited number of offers, but are able to purchase what they need in the event that environmental requirements are included. In contrast, 27% stated that they always receive plenty of offers. 9.4% reported difficulties attracting offers.

A significant correlation can be observed between countries that are especially advanced in terms of GPP and respondents from those countries reporting no negative effect on costs or product availability.

Social responsibility requirements were considered by 31.9% of the respondents as having no effect on costs, while 21.3% reported experiencing cost increases if SRPP requirements are included in public tenders. An insignificant number of respondents (2%) reported decreased costs. Relatively large numbers of respondents in the Netherlands, the UK and Norway reported no effect on costs. With regard to SRPP requirements used in calls for tenders, respondents cite the same causes as those identified for the effects of GPP on costs (cost of certification, capacity building costs, increasing competition and faulty application by public users).

Regarding the availability of products, 30.6% indicated that, with SRPP aspects included, they usually receive a limited number of offers, but are nonetheless able to purchase what they need, whereas 17.6% of respondents receive plenty of offers. A small proportion (6.9%) indicated that they have difficulties attracting suitable offers.

Requirements relating to innovation were considered by 22.8% of respondents as increasing costs, while nearly the same percentage (22.3%) reported constant costs. Only an insignificant number of respondents indicated the possibility of decreased costs. Many respondents in the UK, Finland and Norway reported no effect on costs. Explanations for increased costs included capacity building and lack of knowledge, as also cited with regard to GPP and SRPP.

When PPPI requirements are included, 30.6% reported that they usually receive a limited number of offers, but are nonetheless able to purchase what they need, whereas 12.2% stated that they always receive plenty of offers.

Effects of other policy considerations on procurement procedures

In terms of the effect on time frames for procurement when GPP, SRPP or PPPI requirements are included, nearly the same percentage of respondents indicated no effect on the procurement procedure (54.1%) as those that reported more time consumption than usual (43.3%). An insignificant number (2.5%) reported reduced time consumption. The interviews show a clear bias to citing causes of more time consumption than usual under GPP requirements, including legal aspects, pre-tendering explorations, implementing GPP requirements, monitoring, increasing demands on bidding, lack of knowledge as well as training aspects.

Of the survey respondents, 55% believed the procurement procedure to be more complex, while 41.9% indicated no change in complexity and 3.2% of the participants experienced reduced complexity. A number of public buyers argued that complexity increases because of the need to monitor suppliers' compliance with GPP or SRPP standards as well as the specialist expertise involved in dealing with the additional requirements.

Of the respondents, 64.6% indicated no risk effects on the procurement procedure if environmental requirements are included in calls for tenders. In contrast, 30.1% of the persons interviewed believed that such requirements make the procurement procedure more risky. Only 5.3% of participants indicated reduced risks. Results from the interviews indicate that risk can increase if public procurers apply the requirements incorrectly. Furthermore, acceptance of legal liability might lead to an increase in risk. However, including GPP requirements may also cause a decrease in risk as these requirements accompany a more complex and detailed procurement process that narrows the margin of mistakes.

Suppliers' perspectives

Most suppliers interviewed reported a significant increase in requirements for criteria on environmental performance in recent years and, to a smaller extent, on SRPP. Some suppliers indicate that the public sector is more progressive than private companies in requiring environmental criteria establishing a higher standard. New requirements on GPP, SRPP or PPPI potentially impose a significant administrative burden.

Suppliers also reported instances of rapid policy changes. This is perceived as a problem for the long-term planning of businesses. Consistency over time of GPP, SRPP and PPPI policies is seen as important.

A further challenge that suppliers perceive with regard to GPP, SRPP and PPPI is the lack of homogeneous international or national procedures and sets of requirements. As they describe it, the development of significantly different tender procedures and criteria on a na-

tional, regional or even local level increases the administrative burden, which in turn might lead to market entry barriers.

With regard to the integration of PPPI into the procurement process, the perceptions are that this category is most neglected but nonetheless has significant potential. The criterion that is advocated by many suppliers is the use of LCC, since it allows for high-quality and slightly more expensive products to demonstrate their advantage in the long run.

Final cross-comparison

Policy approaches integrating environmental objectives in public procurement generally date back longer, are far more elaborate and are furnished with more supportive actions than those integrating social and innovation objectives. This coincides with the impulses given on the European level promoting the strategic use of environmental policy objectives. Not only does the European Commission disseminate more, and more elaborate, communications and guidance on GPP, but specific mandatory provisions on GPP are set out on the EU level. Thus, GPP (along with the monitoring and reporting thereof) is the most prevalent of the three areas of other policy objectives, as almost all Member States have adopted policies to address it.

The overall picture is very different for the more disputed and at the same time less commonly supported social policy objectives in procurement. Only 17 Member States – a little more than half – refer to them in one way or another at the national policy level. There is a clear tendency to integrate GPP and SRPP in combined policies. Regional and local activities promoting SRPP are especially noteworthy. Along with the positive feedback on the use of SRPP by CAs, they suggest that SRPP might follow a similar development path as GPP, which started at national and lower levels in the 1990s. On the other hand, EU policies and other supporting initiatives appear to be important drivers of GPP development as well, so SRPP development would also depend on political will on the EU level.

The most recent of the areas of other policy objectives, namely, promoting innovation through public purchases, has only recently appeared prominently on EU and national agendas. In that sense it is remarkable that over two thirds of the Member States address innovation procurement in their policies and that CAs throughout Europe are using PPPI. Yet given that PPPI is often regarded as a valid instrument to further GPP and SRPP, this dispersion is not so surprising after all. The synergies between GPP and PPPI are also evident and underlined by approaches in a number of Member States. However, the development of PPPI may also increasingly diverge from GPP and SRPP.

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List of abbreviations

BAT	Best Available Technologies
CA	Contracting Authority
CPV	Common Procurement Vocabulary
DG	Directorate General
EC	European Commission
EEA	European Economic Area; European Environment Agency
EMAS	Eco-Management and Audit Scheme
EMAT	Economically Most Advantageous Tender
EMS	Environmental Management System
EU	European Union
FCP	Forward Commitment Procurement
FSC	Forest Stewardship Council
GDP	Gross Domestic Product
GPP	Green Public Procurement
ICT	Information and Communication Technology
ILO	International Labour Organization
ISO	International Organization for Standardization
LCC	Life Cycle Cost
MS	Member State
NAP	National Action Plan
OECD	Organisation for Economic Co-operation and Development
PFA	Procurement File Analysis
PLS	Partial-Least-Squares
PP	Public Procurement

PPPI	Public Procurement Promoting Innovation
R&D	Research and Development
SCP	Sustainable Consumption and Production
SEM	Structural Equation Modelling
SME	Small and Medium Enterprises
SPP	Sustainable Public Procurement
SRPP	Socially Responsible Public Procurement
TCO	Total Costs of Ownership
TED	Tenders Electronic Daily
TPE	Total Public Expenditure

List of country abbreviations

AT	Austria
BE	Belgium
BG	Bulgaria
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
EL	Greece
ES	Spain
FI	Finland
FR	France
HU	Hungary
IE	Ireland
IS	Iceland
IT	Italy
LI	Liechtenstein
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	Netherlands
NO	Norway
PL	Poland

PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

1 Introduction

1.1 General background

» If all public authorities across the EU demanded green electricity, this would save the equivalent of 60 million tonnes of CO_2, which is equivalent to 18% of the EU's greenhouse gas reduction commitment under the Kyoto Protocol.«

(European Communities 2004)

The idea is very simple: National, regional and local governments or bodies governed by public law take additional policy goals into account in their tendering for products, services or works. In so doing, they:

- increase the demand for products and services that have less impact on the environment;
- encourage social responsibility; and
- promote innovation.

From pencils to power stations – the goods, services or works purchased by public authorities come from every sector of the economy. By acting as an "intelligent purchaser" (Aho et al. 2006, p.23), public procurement can have a targeted impact on almost the whole of the economy.

The potential role of public procurement is even greater, given that the public sectors across Europe account for major shares of national expenditure on goods and services. In the construction sector, for example, the share of public spending reaches 40% of the total; and in defence, civil security and emergency operations almost 100%.[8] Routine figures on public procurement as a share of GDP in the EU Member States confirm its economic significance. In 2009 total public expenditure on works, goods and services was estimated to be 19.4% (2.3 trillion €) of the GDP of the EU 27 (European Commission 2009d). Though core public procurement might amount to only one third of that figure, the amount is still very considerable.

The other policy goals that public bodies may take into account when they tender for products, services and works relate especially to the environment, society and innovation. There are many reasons why these goals might be considered:

- Even if the public sector's shares of economies vary significantly across the Member States, their potential influence on the achievement of other policy goals is nevertheless substantial.
- Since procurement cuts across all government branches and levels, it presents a good opportunity to adopt an integrated approach in pursuing environmental, social and innovation-related goals.
- By pursuing environmental, social and innovation-oriented policy objectives, governments and public authorities can demonstrate the potential advantages of, for example, environ-

[8] http://ec.europa.eu/enterprise/policies/innovation/policy/public-procurement/index_en.htm

mentally friendly goods when doing business, and so distinguish themselves as role models for sustainable development.

- Governmental authorities can serve in particular as "'launch customer' for the best available products on the market, and thereby encourage their greater market penetration" (SMART SPP guide 2009). The public sector is believed to have the potential to provide a kick-start for innovative goods and services.

These possibilities encouraged the emergence in the early 1990s of the concept of "sustainable public procurement", which has since come to maturity. Denmark, for example, has been pursuing a green public procurement (GPP) policy since 1991; between 1997 and 2005 it developed GPP guidelines for 46 product groups. The Netherlands, too, started to implement GPP policies in the early 1990s. These countries and others – such as Sweden or the UK – demonstrate the potential for countries to use their market power to pursue other policy goals by:

- defining priority sectors, product groups or particular products;
- including green, social and innovation criteria in tenders;
- setting targets for different public authorities and product groups; and
- providing guidance and reference materials.

The EU plays a major role in these developments through its green public procurement initiatives. Since the turn of the millennium the EU has developed and adopted a policy framework that guides and assists EU Member States in implementing procurement policies that include other policy objectives. It generally pursues a voluntary approach (European Commission 2009c). A communication by the European Commission from July 2008 called on the Member States' governments to ensure that at least half of their tendering procedures took into account a set of common green criteria by 2010.[9] In 2004 two European procurement Directives filled out the legal basis for including environmental, social and ethical considerations in public procurement.[10]

1.2 Objectives, scope and structure

The main objective of the present study is to provide an authoritative and comprehensive review of European experiences in integrating "other policy objectives" into procurement policy and practice. Other policy objectives include in this study: promoting environmental aspects, adherence to certain social and ethical standards and the promotion of innovation – as explained below.

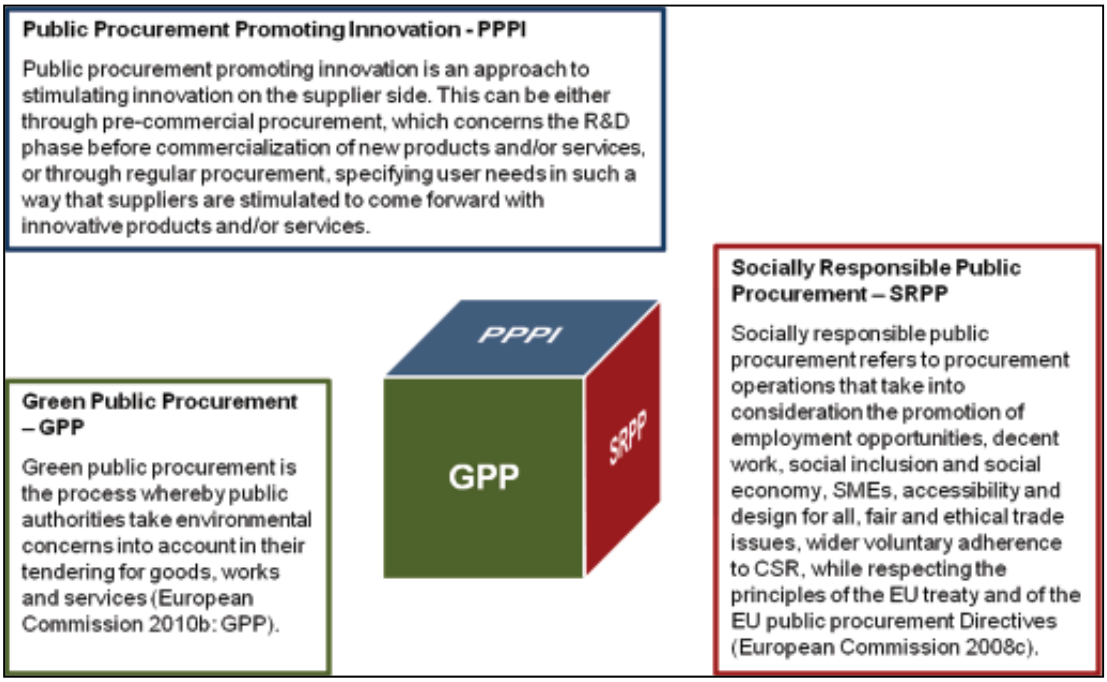
The research aims to make the inclusion of other policy goals in public procurement throughout Europe more transparent. Accordingly, the analysis centres on three core questions:

[9] COM(2008)400, 16.07. 2008.

[10] Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors; last amended by Commission Regulation (EC) No 1177/2009 of 30 November 2009. Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts; last amended by Commission Regulation (EC) No 1177/2009 of 30 November 2009.

- What are the framework conditions that Member States establish to achieve other policy objectives?
- How are other policy objectives implemented by individual contracting authorities (CAs)?
- What are the effects of such activities?

Figure 1: Facets of other policy objectives in public procurement



The study, conducted between July 2010 and May 2011, encompasses the 27 EU Member States plus the three European Economic Area (EEA) countries Iceland, Liechtenstein and Norway (hereafter together referred to as Member States or MS). The research focused on the national level, but also considered the policies and activities of federal, regional and local governments. It took into account national action plans for sustainable public procurement (adopted and planned) and related programmes, as well as dissemination activities. The legal dimension played only a subordinate role in the analysis.

Though the scope of the study is rather wide, it observes some significant limits. The study does *not* seek to evaluate the performance of existing EU policies on GPP, SRPP and PPPI, nor does it evaluate the cost-effectiveness of GPP, SRPP and PPPI policies. It is not the aim of the study to assess whether GPP, SRPP or PPPI are the most effective approaches to achieving particular policy goals, or to evaluate how successful GPP, SRPP and PPPI have been in comparison with other policy instruments. Furthermore, given the limitations of the statistical basis for studying the integration of other policy goals in public procurement, many aspects of the subject can be only briefly touched upon.

The study consists of five chapters. Following the introduction (Chapter 1), Chapter 2 describes the Member States' strategic use of procurement to achieve other policy objectives. It identifies and comparatively analyses national policy and legal provisions as well as dissemination initiatives. Chapter 3 analyses how other policy objectives are implemented by individual contracting authorities; it thus investigates the extent to which, and the means by which, contracting authorities actually implement sustainability and innovation goals. Chapter 4 analyses the effects of such policies in changing procurement outcomes and their impact

on procurement procedures (e.g. in terms of costs and time frame). Finally, Chapter 5 reflects the study's findings with a view to future research needs.

The annexes to the study include information on the methods adopted for data collection and analysis. Annexes I and II contain the country fiches and detailed budget research results. Annex III presents six case studies: on Denmark (Partnership for GPP), France (Plan of Exemplary Administration and Financial Incentives Fund), Austria (The SO:FAIR Project), Norway (The GSL Reporting System), Finland (The Innovative Forerunner Cities Network) and the Netherlands (Small Business Innovation Research). Annexes IV, V and VI contain the detailed results of the web survey and the procurement file analysis, as well as the transcripts of interviews with procurement officers and suppliers.

2 Setting the course: Member States' approaches to other policy objectives in public procurement

2.1 Introduction

Chapter 2 examines the extent to which Member States have adopted national policy strategies and corresponding legal frameworks and disseminative initiatives to integrate other policy considerations into public procurement. It presents an overview and comparative analysis of such strategic approaches, including relevant national targets and monitoring systems, as well as affected product groups and relevant criteria. Finally, it considers the impact of these national approaches on the market development of GPP, SRPP and PPPI through an analysis of the affected procurement budgets.

The information presented here is mainly based on the results of fiches compiled on all 30 European countries (see Annex I) as well as the corresponding budget research (see Annex II). The review gives precedence to "targeted" or "procurement-specific" policies in the Member States – such as National Action Plans (NAPs) – though it also encompasses broader national policies that refer to public procurement as a means (often among others) to achieve other policy goals (e.g. environmental, social and/or innovation objectives).

2.2 Overview of MS' strategic frameworks

2.2.1 Policy dimension

The common European procurement policy and legislation gives Member States the latitude to use procurement to address societal challenges. While outlining the framework for procurement procedure in terms of integrating such other policy objectives, the EU public procurement Directives stipulate the conditions under which it is permissible to consider other policy objectives in procurement; the EC in its 2011 *Green Paper on the modernisation of EU public procurement policy* refers to this as the 'how to buy' approach (European Commission 2011b). EU policies emphasize the pivotal role that public procurement plays in driving Europe on a sustainable growth path of a resource-efficient and socially responsible economy based on knowledge and innovation. Furthermore, in 2003 the EC *Communication on Integrated Product Policy* encouraged Member States to set up publicly available National Action Plans (NAPs) on green public procurement (GPP) by the end of 2006 (European Commission 2003).

Following the European Commission's recommendation, and for the most part since 2005, a majority of countries (20) have developed specific National Action Plans on GPP – or more broadly on sustainable public procurement (SPP) – or are in the process of doing so (European Commission 2008a, b):

- Austria (2010), Belgium (2009), Cyprus (2007, 2011 forthcoming), the Czech Republic (GPP Rules 2010), Denmark (1994, last update in 2008), Finland (2008), France (2007, 2011 update forthcoming), Iceland (2009), Italy (2008), Lithuania (2007), Malta (2010), the Netherlands (2003, 2007), Norway (2007), Poland (2007, 2010), Portugal (2007; 2011 up-

date forthcoming), Slovakia (2007), Slovenia (2009), Spain (2008), Sweden (2007, 2011 update forthcoming) and the UK (2006, 2010).[11]

Figure 2: NAP chronology



Three countries are in the process of adopting a GPP NAP (Estonia, Latvia and Romania); four are currently developing a GPP NAP (Bulgaria, Greece, Hungary and Ireland). Of the remaining three Member States, Liechtenstein expressly eschews pursuing additional policy objectives in procurement. Luxembourg addresses sustainable public procurement in its more general sustainable development strategies. Germany officially rejects the policy tool of a national action plan for its complex, federally organized procurement system.[12] Instead, Germany's approach to other policy objectives in procurement is represented in broader and sector strategies, as well as in legal instruments. In the place of an NAP, the Czech Republic chose to adopt official GPP Rules in 2010, replacing a previous Government Regulation (2000) recommending GPP.

None of the Member States have developed equivalent policies solely on SRPP or PPPI. However, in France an inter-ministerial action plan on SRPP was set out in 2009 (*Plan intermenistériel des Achats Public Socialement Responsible, APSR*). In 2010, French official public procurement guidelines were amended by recommendations on compliance with ILO Core Labour Standards.

[11] As all country policy information was collected in the second half of 2010, UK representatives to the EU noted during the review process of country fiches at the beginning of 2011 that the new government may have different policy commitments from those publicized under the previous government.

[12] Regional and local governments in Germany have also developed GPP approaches (including action plans). Reviewing the state-of-the-art of GPP NAPs in EU Member States, a study commissioned by the Federal Ministry of Labour and Social Affairs and conducted by the sustainability consultancy Schlange & Co. (See Zamostny et al. 2009) came out in favour of a targeted GPP policy for Germany as well.

While often not even referenced in national approaches, it is noteworthy that in a number of countries regional and local level initiatives promote the integration of social policy objectives and ethical considerations into procurement (for example, in Austria, France, Germany and Italy). In Sweden this led to a request for a common national SRPP approach to harmonizing reportedly strong regional and local activities. Also in Sweden, and even more concretely, a policy strategy for promoting innovation procurement (*Innovation Procurement Inquiry* of 2010) is being strongly promoted).

Of the Member States that do have targeted policies in place, some have chosen integrated approaches by drawing up policies or action plans that address at least two of the other policy areas (see Figure 3 below):

- Green and socially responsible procurement are integrated to achieve sustainable public procurement in NAPs in France, the Netherlands and the UK. Italy's GPP NAP stipulates that social policy objectives be considered where possible.
- Finland's SPP NAP calls for addressing environmental considerations and promoting innovation. Although entitled as targeting GPP, NAPs in Portugal and Sweden explicitly stipulate the integration of innovation in procurement as well.
- Austria, Belgium, Norway and Poland have drawn up SPP NAPs integrating all three other policy considerations.[13]

Figure 3: Integrated NAPs



[13] Two Member States have provided explanations for their shifts to integrated policies. Austria cited a preference for integrating approaches when replacing its previous GPP NAP with an SPP NAP in mid-2010. Poland justified such a shift by reference to the objective of harmonizing policies. It is worth noting at this point that it is mainly countries that are experienced in integrating other policy objectives in procurement or have ambitions to do so that pursue these integrative approaches. Also, their actions all date back no further than 2007.

Similar to the development of targeted policies on GPP and SRPP, it can also be observed that the integration of public purchasing in other sector strategies (thus by means of broader policies) has increased since 2005. Based on broader policies, however, a few Member States have been pursuing mainly environmental policy objectives through public purchasing for much longer: In Denmark and the Netherlands, the first GPP policy measures date back to the early 1990s; in France and Norway to the late 1990s; in Belgium and the UK broader policies have adopted substantial GPP measures since the early 2000s.

In each European country except Greece and Sweden, at least one such broader policy was found that explicitly imposed other policy considerations on public procurement: 25 Member States integrate GPP in at least one broader policy; twelve address SRPP and 16 PPPI in this way. As stated earlier, Germany and Luxembourg rely solely on such broader policies for integrating other objectives into public procurement. Remarkably, Germany strictly followed up on its Action Plan for Integrated Energy and Climate Programme (IEKP) by transposing the procurement-related measure into an administrative provision.[14] Also, both Germany and Luxembourg recently drew up national sustainability action plans stipulating specific and precise measures to be taken in the domain of public procurement.

Throughout all the countries examined here, a total of 79 such broader policies have been identified, 63 of which refer to GPP, 18 to SRPP and 22 to PPPI. The scope covered by these policies is presented in Table 1.

Table 1: Topics of broader policies integrating other policy objectives with procurement

Topics	GPP	SRPP	PPPI
Anti-social dumping		x	
Biodiversity	x		
Chemical treatment	x		
Climate change, reduction of CO_2 emissions	x		
CSR (incl. human rights and ILO Core Labour Standards)	x	x	x
Energy efficiency and management, use of renewable energy	x		
Environmental technology	x		x
Green IT	x		x
High-tech, research and technology			x
Integration of people with disabilities		x	
Promotion of SMEs		x	x
Sustainable development	x	x	x
Sustainable economic growth and employment	x	x	x
Sustainable farming and food	x	x	
Sustainable production and consumption	x	x	x
Sustainable timber	x	x	
Sustainable transport	x		
Waste management	x		

[14] The General Administrative Provision for Procurement of Energy Efficient Products and Services of 18 January 2008 (see also Section 2.2.2, fiche Germany in Annex I).

Energy policies, especially on energy efficiency, are the policies that most often call for GPP (followed by sustainable development and waste management policies). Social aspects are by far most often linked to procurement by CSR policies, followed by policies promoting SMEs. Driving innovation through public demand is stimulated classically in technology, research and science-related policies, and "green IT" strategies in particular. Sustainable timber, the promotion of SMEs, green IT and eco-technologies are cross-cutting issues, each touching on two of the relevant policy areas. In this regard it goes without saying that policies aimed at sustainable development and corporate responsibility appear as drivers of integrating the three areas of other objectives.[15]

2.2.2 Legal dimension

Although a legal review of national procurement legislation was not part of this study, the country research included the collection of details on certain legal instruments used to integrate other policy objectives into procurement. The EC public procurement Directives allow for the integration of other policy objectives and, with their procedural rules, provide a common framework for public purchasers. However, in some instances EU legal documents adopted outside the 2004 Directives strongly encourage Member States to adopt aspects of environmental, social and/or innovation policy objectives.[16] Moreover, since the turn of the millennium a number of regulations and directives have been passed outside the 2004 Directives that actually bind Member States to choose sustainable products.[17] In this research the focus is on national legislation which goes beyond simply confirming the options opened up by EU legislation or complying with mandatory EU requirements, namely by broadening the scope or imposing obligations for procurement to include environmental, social or innovation-promoting considerations[18] – in accordance with the 'what to buy' approach noted in the EC's 2011 *Green Paper on the modernisation of EU public procurement policy*.

The vast majority of Member States follow the common practice and solely provide public purchasers with the opportunity to take into account further considerations under the given procedural procurement rules. In transposing the Directives, some Member States have extended their procurement laws to include more explicit references to additional policy objectives. Finland, for instance, renewed its law on public procurement, clarifying the possibility of including social criteria such as basic human rights, equal treatment and non-

[15] Twelve of those Member States' policies address both GPP and SRPP in targeting the policy areas of CSR and sustainable development, timber and food procurement. Again, CSR, (sustainable) economic growth and employment policies in four cases address SRPP and PPPI alike. Nine policies link GPP and PPPI by targeting sustainable development, environmental technology, (sustainable) economic growth and CSR. In two cases, CSR strategies call for public procurement to consider all three areas of other policy objectives (in Germany and Lithuania).

[16] For example, Regulation 2010/66/EC of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel, whose Article 12(3) provides that "Member States shall encourage the use of the 'Manual for authorities awarding public contracts', as specified in Annexe I, Part A, point 5. For this purpose, Member States shall consider, for example, the setting of targets for the purchasing of products meeting the criteria specified in that Manual".

[17] E.g. Regulation 2008/106/EC of the European Parliament and of the Council of 15 January 2008 on a Community energy-efficiency labelling programme for office equipment (also known as Energy Star), binding on central authorities, and Directive 2009/33/EC of the European Parliament and of the Council on the promotion of clean and energy-efficient road transport vehicles, binding on CAs and utilities.

[18] On the other hand, Member States' decisions not to include the enabling clauses of the procurement Directives in the national legislation have not been considered here. Nevertheless, it should be noted that such decisions actually affect the strategic use of public procurement in Member States as this normally means denying the CAs the power to refer to them (e.g. if Art. 19 of Directive 2004/18/EC is not included in transposing legislation, national CAs would not able to reserve contracts for sheltered workshops).

discrimination. Germany has also explicitly included the possibility of promoting innovation through public demand.

In almost a third (11) of the Member States, however, legally reinforcing approaches could be identified. Such laws, decrees, circulars and provisions are presented in what follows. They all impose certain obligations by specifying which kind of goods and services should be procured and/or the terms under which purchases should be made. Notably, the vast majority of such regulations were introduced between 2005 and 2010.[19]

Therefore, while the Directives allow procurement procedures to reflect sustainability considerations, the examples of national legislation outlined here represent attempts to go a step further by making some of these considerations compulsory. Table 2 provides an overview of the legal and therefore compulsory approaches found, distinguishing general mandatory GPP/SRPP/PPPI requirements from mandatory considerations of particular product groups or criteria in procurement, whether for all contracting authorities or only the central/federal government level.

Table 2: Overview of compulsory elements stipulated by national legislation

Compulsory elements	Mandatory GPP/SRPP/PPPI in general	Mandatory product groups and/or criteria
All contracting authorities obliged	Austria (SPP) Norway (in particular LCC)	Belgium (SPP product groups and criteria) France (GPP/SPP product groups and criteria)
	Austria (SPP)	Austria (compliance with social and labour legislation/ILO) France (no child labour in school-related products; equal opportunities for people with disabilities; SME access) Norway (ILO convention on wages and working conditions)
		Portugal (up to 1% R&D target)
Central/federal government level obliged	Portugal	Czech Republic (furniture and IT) Belgium (sustainable timber) Germany (LCC for energy-efficient products; sustainable timber)

[19] Note that this review does not reflect on the quality or enforceability of the legal instruments cited.

		Spain (sustainable timber) Sweden (anti-discrimination)
		Belgium (equal opportunities) Czech Republic (employment of handicapped) Germany (reservation for sheltered workshops) Italy (design for all in public buildings, websites of general interest); Slovakia (design for all) Spain (equal opportunities)

In some cases MS use procurement legislation to set out general obligations to address sustainability in general or environmental considerations in particular through procurement:

- The consideration of **sustainability** issues is mandatory for all public purchasers in Austria under procurement legislation of 2006. In Belgium a 2005 Circular makes the use of SPP requirements mandatory for federal government authorities. Similarly, in France the *Grenelle 1 Law* (of 2009) sets out legal objectives regarding the social and environmental sustainability of purchases in certain product groups, while a Prime Minister Circular details SPP criteria for 20 product groups.
- The application of **GPP criteria** (*GPP Rules*) is mandatory for central government authorities in the Czech Republic under government resolution (2010). The *Rules* stipulate mandatory criteria for the purchasing of certain product groups on this level; so far, furniture and IT criteria are mandatory.
- **Life-cycle costs (LCC)** must be considered, among other environmental aspects, in Norway under procurement legislation since 2001, as well as in Portugal under a government resolution (2007) for the state level. In Germany, an administrative provision (2008) mandates that all contracting authorities on the federal level assess life-cycle costs when purchasing any products for which energy-efficiency can be applied.
- Belgium (2005), Germany (2010) and Spain (2006) have made requirements for legality and sustainability mandatory for **timber**-related purchases on the federal/central government levels.

Legislation in some MS also mandates the integration of certain social considerations in procurement:

- **Labour rights and standards**, particularly as established by the ILO core conventions, serve as a basis for socially responsible procurement in a number of states. Austria stipulates in its procurement legislation of 2006 that all public purchasing and contracting must be compliant not only with its labour and social legislation but also with ILO conventions. Works and other construction services in Norway above a certain value must also be compliant with ILO conventions on wages and working conditions, according to an administrative provision of 2008. Relatedly, Denmark notes that its status as an ILO signatory makes certain social considerations obligatory in its public procurement. The French *Edu-*

cation Law of 2008 enshrines that all purchases destined for use in schools must be made in compliance with the ILO convention banning child labour.

- **Equal opportunity** is a mandatory consideration under the Swedish Anti-Discrimination Regulation (2006), which stipulates that large Swedish government authorities must establish certain social conditions in their service and works contracts above a certain value. Likewise, the Belgian Gender Mainstreaming Act of 2007 urges federal government departments to embody the principle of equal opportunities in their contracts when purchasing. In Spain, Organic Law 3/2007 for effective equality between women and men provides that the Cabinet shall determine annually how and which contracts of the central government and its public bodies are required to include (within their performance conditions) measures aimed at promoting the effective equality of men and women in the labour market.
- Promoting **accessibility** as provided for in the EC public procurement Directives is the target of procurement legislation in a number of countries. Specific provisions in Slovakia and Italy strengthen the indication found in Article 23 (1) of the Directive 2004/18/EC, under which technical specifications should include "accessibility criteria for people with disabilities or design for all users". According to § 34, para. 1a) of the Law 25/2006 for public procurement in Slovakia, technical requirements in the specifications shall account for the accessibility needs of persons with disabilities and solutions suitable for all if possible. In Italy, measures to promote accessibility for all have been part of Italian building legislation since l. 9 January 1989, n. 13 and l. 27 February 1989, n. 62 (now in Art. 77 ff. D.P.R. 6 June 2001, n. 380); all new public buildings must conform to standards providing accessibility for all. Moreover, specific provisions have been enacted through l. 9 January 2004, n. 4, *Disposizioni per favorire l'accesso dei soggetti disabili agli strumenti informatici*, to foster accessibility to the websites of public administrations and private firms entrusted with the provision of services of general interest. In Germany, since 2005 federal procurement authorities have been required to reserve a part of their contracting budget for contracts that can be awarded to workshops for the disabled. These workshops have to compete in the award procedure and make economically sound tenders. The Czech Rep. §101 Act No. 137/2006 Coll. on public contracts mandates preference for economic operators employing handicapped people. France also legally enforces the integration of people with disabilities by means of public procurement, providing a legal incentive in the specific *Law for Equal Opportunities for People with Disabilities* of 2005 whereby public authorities can compensate for their breach of quota provisions through relevant social clauses in their procurement contracts.

While the use of legal and regulatory instruments is equally common for enforcing environmental and social policy objectives in procurement, few MS take a legal approach to promoting innovation through procurement:

- Innovation procurement is stipulated legally in only one case, namely, the Portuguese *New Public Contracts Law* of 2008, which stipulates that 1% of large public contracts are to be geared towards **pre-commercial procurement**.
- The facilitation of **SME access** in public tendering is enshrined in procurement legislation in France (2008).

Thus, while most Member States act in accordance with European common practice, legally allowing public procurers to take further considerations into account, a number of countries go beyond EC Directives by obligating procurers to make certain environmental, social or innovation-promoting considerations in their purchasing. The issues they cover largely address topics also covered by the broader policies previously presented (see Table 1), though it is notable that social considerations are often enacted through legal provisions, even in the absence of national action plans or disseminative campaigns.

2.2.3 Dissemination dimension

Besides the policy and legal approaches, the country research also examined dissemination and communication campaigns as well as other initiatives promoting GPP, SRPP and PPPI among contracting authorities. The following table presents an overview of the four categories of disseminative activities commonly found in the MS:

Table 3: Categories of disseminative activities in the Member States

Information	Brochures, guidelines/manuals, leaflets, information websites, criteria documents
Networking	Conferences, events, online forums and networking tools
Training	Training courses, online learning tools, help desks
Incentives	Bonus-malus systems, pilot projects, awards

Although the collection of data on Member States' dissemination activities involved intensive screening, it does not claim to be complete, but rather representative of the most important initiatives in each country. That said, patterns of disseminating GPP, SRPP and PPPI are nonetheless carefully derived and described in the following.

In linking categories of dissemination activities with areas of other policy objectives, it can be stated that the most popular channels of dissemination of information in all three areas are websites, guidance documents and manuals. This is followed by the facilitation of networking on GPP, SRPP and PPPI. The provision of training on GPP is as widespread as networking. This is much less so for SRPP (and only where there are cross-cutting issues to GPP), and rarely provided for PPPI at all. Setting incentives is least often used in promoting other policy objectives in procurement; however, the facilitation of pilot projects is often used to stimulate and promote GPP, as well as PPPI. Furthermore, funding schemes and private–public partnerships are especially used to encourage innovation procurement.

Not surprisingly, Member States are most active in promoting and supporting the implementation of environmental policy objectives in procurement. At least one activity addressing GPP (or SPP in general) could be found in every country, including in those still in the process of drafting or adopting a national policy.[20] The widest range of activities is devoted to supporting GPP, the most common being general procedural and product group-specific guidance (online and in brochures), criteria documents, legal information and best practices, training and conferences. Common topics of specific GPP/SPP campaigns include energy efficiency, procurement of sustainable timber, and food and catering services as well as the greening of the transport and construction sectors. The prominence of GPP is also evident in the fact that many MS arm their contracting authorities with criteria documents and in some cases even with application tools in this area. A recent study on leading national GPP/SPP schemes rated criteria communication efforts as "excellent" in Austria, Belgium, Denmark, Norway, the Netherlands, Sweden and the UK; and "good" in Germany, Finland and France (AEA 2010, p.63). In the Nordic countries and Austria, criteria documents have been available since the late 1990s. Furthermore, as an incentive for GPP Denmark, Italy and Bulgaria give awards to the "greenest" procurers, and France accompanied its 2009 mandate that

[20] With the exception of Liechtenstein.

each ministry develop an "action plan of exemplary administration" (SPP) with a financial incentives fund that redistributes a small portion of departments' funding based on the successful implementation of their plans and achievement of environmental and social targets.

The case is different for social and innovation policy goals. A little over a third of the countries (11) actively promote the consideration of social or ethical criteria in public procurement (Austria, Belgium, the Czech Republic, Denmark, France, Germany, Ireland, the Netherlands, Norway, Sweden and the UK). Social aspects in procurement are usually addressed very generally in brochures or guidelines. Where present, their focus is mainly on procedural options and the legal frameworks of SRPP. If special guidance is provided, it is typically on topics like the integration of the disabled and the unemployed or SME promotion. Criteria guidance is rarely provided for specific product groups; when it is, it is mostly integrated with GPP criteria guidance. Here again, Denmark, Norway, Sweden and the UK, and to a lesser extent Austria, stand out for their efforts in support of social aspects in procurement. Generally, though, the pursuit of social policy objectives through public procurement remains at a relatively underdeveloped stage.

Dissemination campaigns with the objective of encouraging innovation procurement could be identified in less than a third (9) of the Member States (Austria, Finland, Germany, Iceland, Ireland, the Netherlands, Norway, Sweden and the UK). Considering the open-ended nature of innovation, no product group or issue-specific guidance is provided for PPPI. Rather, MS make procedural recommendations, facilitate supplier-buyer dialogue and devise schemes for sharing risks and costs to encourage innovation.[21] Notably, several countries have created incentive programs for PPPI. In Finland, the *Action Plan for Demand-driven Innovation* calls for rewards and incentives for PPPI, including the consideration of risk-taking models and risk management tools. As a further incentive, funding is available for PPPI programs through the Finnish Funding Agency for Technology and Innovation (Tekes) and the Finnish Innovation Fund, Sitra. In the Netherlands, the Small Business Innovation Research (SBIR) program assists SMEs in acquiring government procurement contracts by funding the riskier research & development phase. To reward successful PPPI initiatives, Germany established the annual "Innovation creates competitive edge" in 2009. Overall, Finland, Norway, the Netherlands and the UK stand out on PPPI for their assistance to contracting authorities in driving innovation through public demand with consistent, long-standing programmes and institutional support.

Case Study Netherlands:

In the Netherlands, the **Small Business Innovation Research (SBIR)** programme, initiated by the Dutch government in 2004, aims to solve public questions and concerns and valorise public knowledge by stimulating innovation among SMEs. SBIR boosts the capacity of SMEs through innovation-oriented pre-commercial procurement, whereby procurers support the development of innovative services or products in markets where no suitable commercial solutions exist. The programme thus encourages SMEs to engage in innovation by financing the most risky stages of development. SBIR not only provides financing to innovative projects, but also supports SMEs in acquiring public contracts and serves as a catalyst for bringing new demand-driven solutions to market.

[21] For example: Forward Procurement Commitment (FCP), Small Business Innovation Research (SBIR), Public Private Partnerships (PPPs) and other funding instruments (see also case study on SBIR in the Netherlands in Annex III).

2.2.4 Levels of government affected

Generally, Member States with GPP/SPP policies in place address at least their national level of government, that is, federal or central government authorities respectively.[22] Whereas the majority explicitly address all levels of government (for example NAPs in Estonia, France and Poland), a limited number of Member States refer to the central/federal level exclusively (including the Czech Republic, Portugal, Romania and Luxemburg). Federal states like Germany, Belgium and Austria address their entire public sectors though broader policies touching on public procurement, while their procurement-specific policies and measures are directed at the federal level only.

More than two thirds of these countries explicitly include further levels of government in the implementation of GPP or SPP policies by addressing not only the national level but also the local level and/or municipalities. However, since national policymakers are often not empowered to oblige regional or local procurement to consider certain additional policy objectives, the policies are often promoted through soft measures or recommendations. Norway and Finland oblige their central government authorities to implement the SPP NAP, but request that regions and local authorities implement their provisions as well. Another way of reaching further levels of government is through targeted dissemination campaigns and initiatives. In Denmark, for example, in addition to promoting GPP at the national level, the Ministry of the Environment has intensified efforts to promote GPP within the municipalities, which are responsible for two-thirds of PP spending, and also seeks to promote green procurement by private companies.[23]

Case Study Denmark:

In Denmark, the **Partnership for Green Public Procurement** (Partnerskab for offentlige grønne indkøb) builds on significant national efforts in order to strengthen GPP at the municipal level. The Partnership was formed in 2006 by the Danish Ministry of the Environment and the municipal authorities of Copenhagen, Århus and Odense, the country's three largest municipalities, which were later joined by the municipalities of Herning, Egedal and Sønderborg. Whereas the Danish NAP only obligates GPP for central government authorities, by participating in the Partnership, the municipalities commit themselves to implementing a GPP policy, implementing jointly developed concrete and binding targets for procurement, and contributing to a positive public discourse on GPP, including through the sharing of expertise. As a result, the Partnership is able to advance GPP in the municipalities by overcoming many of the challenges at the local level through national-local cooperation.

Other Member States like Germany and Italy engage further levels of government in working groups and similar formats, or as in the case of Hungary, disseminate leaflets, brochures and manuals specifically targeted at local-level procurers. Also, in Austria and Belgium the regional and local levels stipulate their own approaches.

[22] So while Liechtenstein is accordingly excluded from this analysis, for the forthcoming NAPs of Greece and Latvia no information on addressees was obtainable.

[23] Similarly, the Norwegian government runs GPP pilot projects on municipal levels and facilitates regional focal points to assist in sustainable public procurement. In Finland, the Forerunner Cities Network is fostered by the government to boost user-driven demand for innovation. The Danish and Finnish examples are highlighted in more detail in case studies respectively.

2.2.5 Types of contracting authorities affected

As types of contracting authorities are hardly ever explicitly mentioned in national policies, the review of procurement-specific policies with regard to types of contracting authorities addressed and potentially affected does not provide a consistent picture. Member States' approaches mostly address all public administration and/or authorities including bodies governed by public law – referring to government authorities and agencies alike – or as noted above, national policy strategies are specified or stipulated for different levels of government, typically by placing the mandatory requirements on the federal or central government level, while recommending such considerations at the regional or local level.

Despite the general lack of national policies aimed at specific types of contracting authorities, as the central contracting authorities in many countries government procurement agencies are responsible for the procurement of different branches of government or public authorities, and therefore present a good starting point and lever for procurement-specific policies. Nonetheless, only a few MS' approaches specifically refer to national or federal agencies:

- In Portugal GPP is mandatory for purchases made through the centralized procurement system lead by the national procurement agency ANCP.
- In Austria the federal procurement agency BBG was significantly involved in the SPP NAP pilot phase and especially in the development of GPP criteria documents. Responsible for a large share of federal government procurement, BBG now uses such criteria for its purchases and claims to do so one hundred per cent of the time.
- In Denmark central state institutions are obliged to purchase products falling into the defined 20 product groups through the state procurement office.

Due to the centralized nature of many countries' procurement systems, further approaches also implicitly focus on procurement agencies. Contrary to the general trend of decentralization of procurement systems (OECD 2003), in their approaches to GPP and PPPI many Member States especially emphasize the need for joint procedures and other centralising measures.

With a view to public contracting authorities operating in utilities like water, energy, transport and postal services sectors, the data obtained does not explicitly indicate whether or how this type of contracting authority is addressed by any of the Member States' approaches. By implication, it can be assumed that public utilities are included where approaches refer broadly to all public authorities on all or certain levels – to the extent that public utilities are located at such levels. More than two-thirds of the 30 countries cover public utilities in their approaches towards SPP.[24]

In a few instances other public institutions such as semi-governmental organizations are expressly included in national policies. In the Netherlands educational, especially higher educational bodies such as universities are addressed by the NAP targets. While the French policy approach does not affect such institutions, the education law stipulates social considerations for purchases of school-related goods. The Norwegian and Swedish approaches include health care organisations next to education, as does Finland by facilitating innovation procurement, especially in the field of health care.

[24] Country experts for SPP where asked if the GPP/SPP NAP and/or major GPP/SPP policies and legislation address also public contracting authorities operating in utilities (water, energy, transport and postal services sectors). The experts where asked for a general indication notwithstanding the applicability of specific levels of obligations or targets or questions of legal compliance. Among the countries that do not explicitly address public utilities are Belgium, Luxembourg, the Netherlands, Portugal, Slovenia, Slovakia, Spain and the UK.

2.2.6 Types of contracts affected

As with the types of contracting authorities affected, countries seldom refer to specific types of contracts in their national policies or at least do not explicitly seek to make such distinctions, typically referring instead to particular priority product groups or criteria. In terms of the types of relevant public procurement contacts, a general distinction can be made between works contracts, supply contracts, service contracts and combined contracts on the one hand, and framework agreements and single purchase contracts on the other. However, more than half of the countries investigated make no references at all to types of contracts. The remaining Member States sporadically refer to several types of contracts in their policies, regulations or dissemination activities; however, none of the countries refers systematically and comprehensively to a distinct set of contract types in its approach towards SPP.[25] Rather, the focus is on prioritizing product groups via target setting and/or criteria development. Thus, determining which types of contracts are most likely to be affected by the integration of additional policy objectives may be more systematically based on the identification of relevant product groups. Nonetheless, some countries explicitly integrate the use of framework agreements (among other contract types) in their approaches, sometimes even compulsorily:

- On the national procurement level in Denmark, GPP criteria developed for framework agreements for certain product groups by the State Procurement Office are mandatory. Similarly, in Iceland procurement criteria have been developed specifically for framework agreements for certain product groups. Latvia aims at promoting the use of the framework agreements provided by its e-procurement system, and thereby including environmental criteria.
- Malta set out a target specifically related to framework agreements which are to be used for purchasing cleaning services. Sweden also has targeted the increased use of GPP in framework agreements and in this regard also emphasizes training for the authorities that most frequently use this type of contract.
- In Austria, framework agreements play a central role through the federal procurement agency BBG.

2.3 Targets and monitoring

In order to encourage and quantify the implementation of the strategic objectives set in their National Action Plans and other policy approaches, many MS have established specific targets for the achievement of other policy goals – and somewhat less frequently – systems for monitoring the integration of other policy considerations in public procurement. As part of national policy strategies, such targets are generally aspirational, though in some cases they are made mandatory through implementing legislation or binding administrative orders.

[25] A rare example of an investigation of the different types of contracts is found in France, where the total awarded contracts were divided into three categories concerning type of purchase: works, services and supplies. The French Budget Ministry reported that environmental clauses were the most common among contracts involving works (Interview with Ministry of Budget, Government Procurement Service). Nonetheless the French SPP approach does not systematically address types of purchase.

2.3.1 Target setting

All but five Member States set targets in their NAPs or other national policies for the achievement of environmental, social and/or innovation objectives through public procurement, especially with regard to GPP.[26] Only Norway, Luxembourg, Liechtenstein, Greece and Bulgaria do not formulate any targets related to other policy objectives in procurement; Sweden and Cyprus set individual targets that are of a qualitative nature and hence are not included in this overview. Especially for GPP, many MS have set targets oriented on the Commission's recommended target of 50% GPP to be reached by 2010 (European Commission 2008b),[27] although the specific target formulation varies in detail and can be differentiated as follows:

- **Aiming for a general level of GPP**: Such targets aim to reach a general proportion of GPP out of total public procurement.
- **Obliging particular levels of government or authorities**: Such targets require particular levels of government to achieve a defined proportion of GPP or to apply certain criteria.
- **Stipulating targets for specific product groups**: With these targets, certain environmental or sustainability considerations are to be integrated in procurement; sometimes this refers to certain product groups and/or is provided for particular levels of government or types of contracting authority.

Table 4 presents the types of target setting chosen by Member States:

Table 4: Focuses of Member States' target setting

	AT	BE	CZ	DE	DK	EE	ES	FI	FR	HU	IE	IS	IT	LT	LV	MT	NL	PL	PT	SI	SK	RO	UK
General	x				x							x	x	x	x			x	x				
Gov. level		x						x									x				x		
Product group			x	x	x	x	x	x	x	x	x					x	(x)			x		x	x

As shown in the table, target setting with regard to specific product groups is the most common among the MS, with 14 adopting this strategy. Finland, France, the Netherlands, Slovenia and Spain stand out by each setting GPP targets for multiple priority product groups; Finland has mandatory targets (for the central governmental level) for four product groups and the Netherlands' targets are mandatory for all priority product groups. France's SPP NAP sets targets for 5 priority product groups ranging from 15%-100% sustainable procurement by 2010, and a Prime Minister Circular of 2008 sets specific targets for 20 product groups and services. Slovenia and Spain both sets targets for 8 product groups, ranging from 25%-100%. Draft NAPs in Estonia, Hungary and Romania also propose targets for specific product groups. Section 2.4 examines in greater detail the product groups and corresponding procurement criteria prioritized in MS' policies, regulations and initiatives.

[26] While the majority of targets are to be found in procurement-specific rather than in broader policies, follow-up processes of the latter in some cases have apparently substantially contributed to shaping GPP/SPP conditions. Especially successful in Belgium, France, the Netherlands and the UK, but also in other Member States, objectives and measures set out by sustainable development strategies have resulted in the development of strong sustainable procurement schemes.

[27] This is recommended referring to the EC's common core GPP criteria and the respective sectors.

Given that general GPP targets (adopted by 8 MS) are more common than those set for specific levels of government (4 MS), targets typically apply to all public administration. Three of the countries with general GPP targets (Latvia, Denmark and Portugal) have directly aligned their target setting with the recommended European target level of 50% GPP - for 10 product groups (European Commission 2008b). Iceland is the only country to set its general target more ambitiously and follows progressive goals where GPP shares of PP should increase with every year (in its final phase Iceland aims to reach 80% of GPP by 2012). Setting their targets below the EC's suggested level, Italy, Lithuania and Poland have each aimed to achieve 30%, 25% and 20% GPP, respectively (Italy by 2007, Lithuania by 2011 and Poland by 2010-12).

Slovakia, which endorses the common European target of 50% by 2010, directs its efforts only towards the central government level. In contrast, Belgium gives its federal government more time (50% by 2011) to achieve the common European target. The Netherlands and Finland, on the other hand, set their specific government level targets ambitiously and apply them not only to the central government. Both countries have targets which increase progressively over time and aim to achieve 100% GPP at the central level (Finland by 2015; the Netherlands by 2010).

Although targets set in Austria, Portugal, Sweden and Cyprus (forthcoming) are worded in a general manner, the implementation of the SPP NAP in general is mandatory only for federal or central government authorities. Similarly, the Danish and Lithuanian targets are also kept general, though the use of GPP/SPP criteria is mandatory in central government purchasing. In Belgium and Slovakia, GPP targets are set for federal/central government authorities, as are GPP targets set for certain product groups in the Czech Republic, Finland and France.[28]

Additionally, while national targets generally focus on achieving a certain percentage of GPP – whether in general, for particular levels of government or authorities, or for particular product groups – Germany and the UK have also set specific reduction targets (mandatory at the central government level) focused on mitigating the negative environmental impacts of government operations through sustainable procurement (e.g. reduction of waste, emissions and water consumption).

Only a handful of the Member States set targets for several levels of government. The Netherlands defines targets for central government as well as for provinces and municipalities (e.g. universities and water boards), whereas in Finland, the SPP NAP and the SPP Resolution address the public sector in general, but differentiate between central government bodies and the municipal sector in the target setting: targets for the central government are higher and mandatory, whereas the municipalities are encouraged to implement the SPP policy and to reach certain GPP levels within a certain time frame. Remarkably, in Belgium in addition to the targets set by the NAP for the federal government, the regions subscribe to targets themselves: for example, the Flemish region aims to achieve 100% SPP by 2020. Similarly, cities in Denmark, France and the UK have adopted targets to be reached in implementation of sustainability strategies.

[28] France takes an interesting approach to incentivizing SPP within the framework of its NAP: On top of the central government's obligation to purchase certain product groups according to certain criteria, the NAP requests that all ministries develop their own action plans and targets which are followed up on through a bonus-malus reporting system. For more details, see the GPP case study of France.

2.3.2 Monitoring and reporting

Monitoring and evaluating policy implementation is of further importance when assigning public procurement the role of fostering certain additional public policy objectives. In proposing that GPP levels reach 50% by 2010 in each MS, the Commission Communication of 2008 also required verification (European Commission 2008b). Although many MS set targets with regard to other policy objectives, as noted above, the monitoring of such public procurement and related expenditures remains in general weakly developed and comparatively inconsistent throughout Europe.

Analogous to the degrees of prevalence of policies, monitoring and reporting efforts are strongest for GPP, in accordance with already established systems and the express will to implement such systems. Generally, where GPP NAPs or equivalently targeted policies are in place, the importance of evaluation and monitoring is underlined and most frequently addressed.[29] Although targets (found in 25 MS) are more common than established monitoring systems (found in approximately one third of MS), the extent of monitoring typically corresponds to a countries' degree of target setting; mandatory GPP targets are commonly accompanied by monitoring systems to measure and ensure compliance. Countries with GPP targets going beyond the common European target of 50% by 2010 – including Austria, the Czech Republic, France, Germany, the Netherlands, Spain and Sweden – thus also have more extensive monitoring systems in place. Some countries with general or less ambitious targets (such as Belgium, Estonia, Lithuania, Romania (draft), Portugal, Slovakia and Slovenia) also have limited systems in place to monitor the corresponding shares of GPP. Despite a lack of quantitative GPP targets, limited monitoring is also conducted in Cyprus and Norway, and monitoring is planned in Luxembourg. In many countries, however, GPP monitoring lags behind target setting, though it is foreseen for the future; the expansion of monitoring systems in accordance with set policies and targets is planned in Belgium, Finland, Italy, Iceland, Ireland, Latvia, Romania and the UK (see Annex I and DG Environment 2010).

For SRPP, only a few such specific monitoring or reporting systems exist: under their respective targeted schemes, monitoring of social and ethical considerations in procurement is foreseen in Belgium, France, the Netherlands and Lithuania.[30] Norway has developed a standard reporting tool for monitoring sustainability in supply chains. No systematic monitoring and reporting of innovation procurement activities is undertaken in any Member State, although the need to do so is broadly recognized.

[29] In addition to the countries currently developing or adopting a GPP policy (thus also developing the respective monitoring systems), Austria, Belgium, Germany, Italy, Finland and Luxembourg report that they are working on the setting up of specific evaluation systems.

[30] Austria, Italy, Luxembourg and Poland also intend to move in this direction.

Case Study Norway:

In Norway, the **GSL Reporting System** (Grønne og sosiale leveransekjeder – green and social supply chains, GSL) provides a common tool for tracking suppliers' adherence to social, ethical and environmental standards in public procurement. The reporting system, developed in 2010 by the Norwegian Agency for Public Management and eGovernment on request from the Ministry of the Environment, centres around a simple form reviewing aspects of the supply chain that suppliers are asked to submit to contracting authorities in order to identify and address problems relating to ethical as well as green considerations in procurement. The GSL tool thus consolidates the reporting process, reducing the administrative burden on procurers and suppliers while enabling them to monitor and verify transparency and sustainability in supply chains.

Yet even for GPP, the monitoring approaches envisaged lack clarity and consistency; whether indicators are used to assess implementation levels and, if so, which ones, often remain unclear. Where elaborated on, monitoring strategies can be further distinguished in terms of the indicators measured (or planned). Especially in the new Member States, policies set out more concrete indicators: Slovenia, Slovakia, Poland and the Czech Republic intend to adopt the Commission's approach to monitoring GPP (that is, in terms of monetary value and the number of contracts). Malta, Slovakia and Estonia, as well as Belgium, France, the Netherlands, Portugal and the UK, focus on monitoring the use of criteria applied in public tenders. A few Member States (Spain, the Netherlands and France) also systematically monitor GPP performance with regard to certain product groups. Noteworthy approaches to monitoring the implementation of GPP and SPP policies include: a real-time online reporting system on energy use in the UK; integrating GPP monitoring with the obligation to establish an environmental management system in Norway's public administration; and a bonus-malus system for incentivizing SPP performance based on ministerial action plan reporting in France.

Case Study France:

In France, the Plan of Exemplary Administration and Financial Incentives Fund implement the government's sustainable development policy through a clear framework strategy, which focuses on 20 thematic priorities and is connected to an innovative financial incentives mechanism. According to national directives, each French ministry is required to develop an Action Plan of Exemplary Administration and report on achievements in GPP and SRPP. The requirement is accompanied by a competitive financial incentives fund, which rewards those ministries that make the greatest gains relative to set targets for GPP and SRPP. The initiative thus provides for the detailed monitoring and incentivization of the performance of each French ministry with regard to the implementation of increasingly demanding sustainable public procurement goals.

In most Member States, the existing administrative channels of the authorities involved are used to report on not only broader policy implementation, but also the implementation of GPP and SRPP. Where centralized procurement structures and/or strong public procurement agencies exist, they appear to be fostering monitoring activities by providing docking points onto existing structures – although mostly only for GPP. This is the case in France, Portugal, Poland, Lithuania and the Czech Republic, all of which report detailed figures on GPP levels (see section 2.5.1).

Despite continuing inconsistencies in terms of approaches and levels of reporting, the importance of monitoring appears to be nonetheless recognized throughout Europe, and some

ambitious attempts at GPP policy monitoring are being developed. Systems for monitoring the integration of environmental objectives appear to be particularly advanced in France, the Netherlands and the UK. Notably, in Denmark many reports and evaluations on GPP levels have been published since the mid-1990s, although no systematic monitoring is in place.

2.4 Product groups and criteria

2.4.1 Affected product groups

In the light of the EU single market – with the free movement of people, goods, services and capital – the types of goods affected by Member States' attempts to integrate other policy objectives are of particular interest. Thus, this section examines the groups of goods and services referred to MS' formulated policies, regulations and initiatives. In terms of the affected product groups, the strategic integration of environmental policy objectives continues to be dominant. In contrast, product groups prescribed for purchase with consideration given to social policy objectives or promoting innovation can be presented only in a rather descriptive way due to the lack of comparably specific strategic approaches on the national and European levels.

Overall, the analysis and comparison of affected product groups among the 30 countries results in a heterogeneous picture. On the one hand, a number of similarities among the countries with respect to product groups come to the forefront. On the other hand, definitions of particular product groups differ significantly among the Member States. This presents a main constraint on this analysis. The terminology used in MS' policies is in many cases broad or imprecise – often not corresponding or referring directly to the common European classification system (CPV codes)[31] or the EC GPP priority product groups (also referred to as parts of the EU GPP toolkit) – making direct comparison difficult, although not impossible.[32] Thus, a country that under its GPP approach nominally adopts a certain priority group that is also included under EC GPP Set 1 priority product groups[33] might well define it much more narrowly or broadly, or explicitly address a certain product under another product group. Nevertheless, for GPP the EC GPP Set 1 and 2 priority product groups serve as an important reference and starting point in order to facilitate a basic comparison of product

[31] The CPV, adopted by Regulation (EC) No. 213/2008, establishes a single classification system and vocabulary for defining the subject of public procurement contracts. See: http://simap.europa.eu/codes-and-nomenclatures/codes-cpv/codes-cpv_en.htm

[32] For the analysis of the country information gathered, it therefore became even more important here to triangulate the method of data collection and compare results of the existing studies in the field of product groups (e.g. AEA 2010, Zamostny et al. 2009, DG Environment 2010). As the AEA (2010) study extensively covers ten countries' GPP/SPP schemes and the product groups included, this information is used to support the respective fiche data. Whereas the AEA study includes in its analysis only product groups for which criteria have been defined, the approach of this study is wider and includes product groups as laid out in policies, legal provisions and other relevant initiatives.

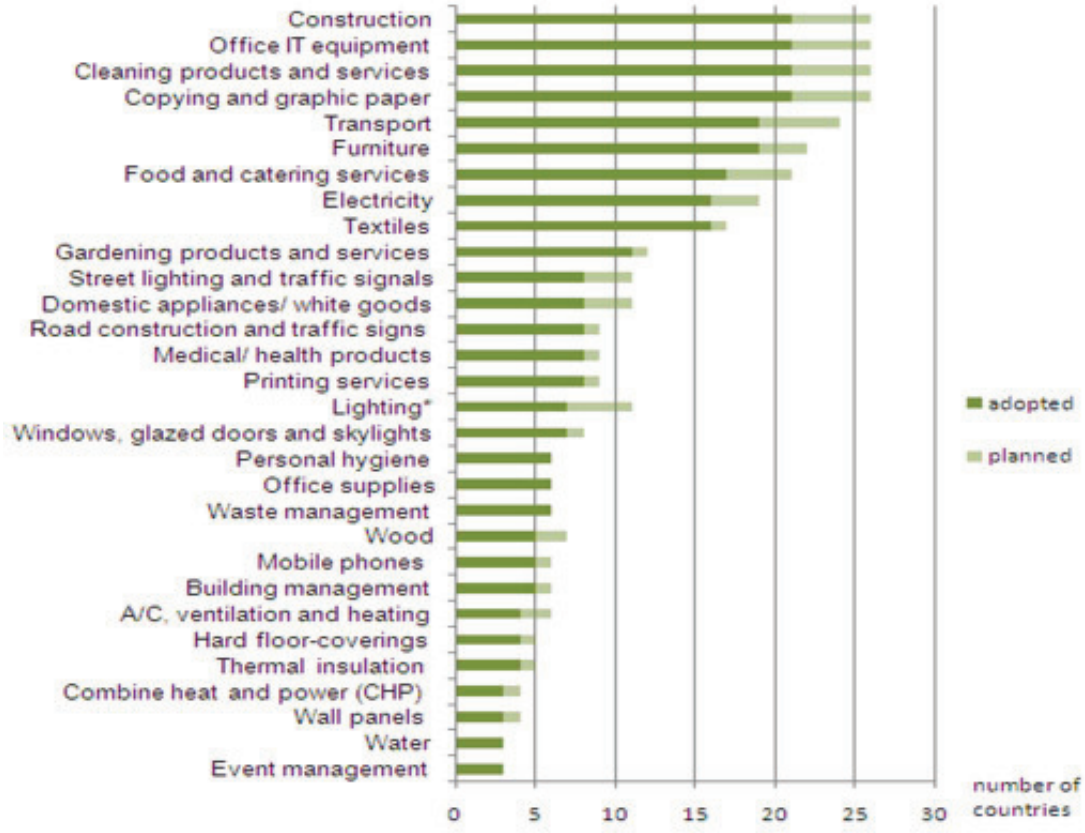
[33] The ten EC GPP Set 1 priority product groups promoted on a European level comprise copying and graphic paper, cleaning products and services, office IT equipment, construction, transport, furniture, electricity, food and catering services, textiles, and gardening products and services (European Commission 2011a).

groups prioritized under the approaches in the 30 countries.[34] Product groups that do not correspond to any of the 18 groups prioritized by the EC are also taken into account.

2.4.1.1 GPP product groups

Figure 4 presents an overview of the product groups commonly referred to in Member States' approaches. Most of them are named in relevant policies (mostly NAPs) and legal provisions, but some are referred to in major dissemination activities on the national level. The names of the product groups listed here are normalized to a certain extent and oriented towards the EC GPP priority product groups.

Figure 4: Number of countries referring to a product group[35]



All in all, the analysis of the country information revealed 40 GPP priority product groups, of which the 30 most commonly used are included in the figure above.[36] With a view to their

[34] Set 2 includes eight further priority product groups: windows, glazed doors and skylights, thermal insulation, hard floor-coverings, wall panels, combined heat and power (CHP), road construction and traffic signs, street lighting and traffic signals, and mobile phones.

[35] *Lighting: Due to ambivalent product group descriptions a mapping of product groups from different Member States was not always possible. This is one example where two product groups were left separate: Some countries refer to "street lighting and traffic signals" whereas other countries refer to "lighting" but enclose light bulbs for buildings and therefore do not fall under "street lighting and traffic signals".

prevalence, the following differentiation of the most common product groups in GPP and SPP approaches can be made:

- The five most commonly referenced product groups are construction (buildings), office IT equipment, cleaning products and services, copying and graphic paper, and transport; more than two-thirds of the Member States have prioritized these product groups or plan to do so.[37]
- The product groups furniture, food and catering services, electricity, and textiles are prioritized by more than half the Member States.

Of all 30 countries, only two (Greece and Liechtenstein) have not yet adopted or plan to adopt specific GPP priority product groups. Greece started working on its NAP only in the second half of 2010, yet plans to include definitions for product groups. Liechtenstein currently has no specific programmes or strategies integrating sustainability or innovation criteria in public procurement.

Two thirds of the countries have defined between 10 and 20 priority product groups; the Czech Republic (23), Poland (25) and the Netherlands (52) define even more. Iceland and Luxembourg have defined only three and four product groups, respectively, while Hungary and Slovakia have named six and Latvia, Romania and Spain each target eight priority product groups.

Almost a third of the Member States plan to introduce further product groups into their criteria schemes. The overall number of planned product groups is assumed to be higher than indicated above, as further product group provisions are planned in a number of countries, but no further information is available. For example, in Iceland criteria for an additional 14 product groups are under development, though the specific product groups have not yet been named. This also applies to Slovenia, which plans to stipulate ten additional priority product groups.

Overlaps with EC GPP priority product groups

In general, throughout the countries analysed, overlap with the EC GPP priority product groups is very common. Notably, the top ten product groups revealed by the country analysis and shown in Figure 4 above overlap with Set 1 of the EU GPP priority product groups. The following map further depicts the extent to which product groups included in the Member States' SPP approaches overlap with product groups promoted for GPP on the European level. The comparison is based on the product group headings and general definitions, though it does not consider differences in the underlying criteria or the specific products enclosed.

[36] Product groups that are mentioned only by single countries and/or in some cases overlap with the presented product groups are not included in the figure above. Further product groups include hotel and restaurant services, toys, plastic products, bio-lubricants, chemicals, thermometers, civil engineering, interior fittings, fuels and boilers.

[37] (Building) construction and transport – being amongst the most common product groups prioritized for GPP throughout Europe – are also targeted in the European Energy Efficiency Plan 2011 as having the greatest energy saving potentials.

Figure 5: Overlap with EC GPP Set 1 priority product groups



While overlap with the EC GPP Set 1 priority product groups is most common, a number of MS have adopted other or additional product groups, in some cases based on the EC GPP Set 2. For two countries – the Netherlands and Poland – the product groups overlap with all 18 EC GPP priority product groups. Eight countries have an overlap of all ten Set 1 EC GPP priority product groups (Austria, Belgium, Estonia (planned), France, Italy, the Netherlands, Poland and the UK). For 16 countries, six or more product groups overlap with the EC GPP Set 1 product groups.[38] EC GPP Set 2 product groups are far less common among the product groups listed by the countries, given their relatively recent adoption in 2010. Although about half of the countries refer to one or more product groups that correspond to the EC GPP Set 2 priority product groups, only four countries (Malta, the Netherlands, Poland and the Czech Republic (planned)) refer to more than three such product groups. It can be expected that almost two-thirds of the Member States base their approaches on the EC GPP scheme. This is confirmed by an interview statement from France: According to the Ministry of Environment the sectors and products in the EC GPP toolkit do in fact shape the priorities of the government, although it is not an explicit political choice to prioritize certain sectors. More than two-thirds of the countries adopted between one and seven priority product groups that go beyond the EC GPP priority product groups, the most common of which are lighting, domestic appliances/white goods, medical/health care products and printing services.

GPP product groups with specific targets

Based on targets and other obligatory elements set out in the various MS' approaches, the product groups most likely to be purchased in an environmentally friendly manner can be inferred for some countries. As established above, 14 of the 28 countries that set out GPP

[38] In order of the highest number of product group overlaps, this group of countries encompasses the Czech Republic (planned), Sweden, Finland, Norway, Ireland, Slovenia, Lithuania, Latvia (planned), Spain, Denmark, Slovakia, Romania (planned), Portugal, Germany, Bulgaria (planned), Malta, Hungary (planned) and Cyprus.

priority product groups also set out targets related to product groups. The Czech Republic, Denmark, Germany, Ireland, Malta and the UK specify targets for only a few priority product groups. Spain and Finland quantitatively specify five priority product group targets for a number of different years (they also have qualitative targets). Romania, Slovenia and Estonia make target specifications for seven, eight and nine priority product groups, respectively. Finally, France specifies quantitative targets for most priority product groups: eleven GPP-related and two SRPP-related (cleaning services and maintenance services for green areas, whereas in the Netherlands, mandatory targets apply to all priority product groups.[39]

Countries apply targets for 15 product groups which can serve as another indicator for differentiating and identifying the most common GPP product groups. The following table provides an overview, naming the countries that have set or plan to set specific targets for certain product groups.

Table 5: Countries with specific targets for product groups

Product groups	Countries with specific targets for the product group
Transport / cars	DE, EE, ES, FI, FR, HU, IE, MT, SI, UK
Office IT equipment / ICT	DK, EE, ES, FR, HU, MT, RO, SI, UK
Construction / buildings	DE, DK, EE, ES, FI, FR, MT, RO, SI
Energy / fuels / electricity	CZ, EE, ES, FI, FR, IE, MT, SI, UK
Copying and graphic paper	DE, EE, ES, FR, HU, MT, RO, SI
Cleaning products and services	EE, ES, FR, MT, RO, SI
Furniture	EE, ES, FR, RO, SI
Food and catering services	EE, FI, FR, RO, SI
Textiles	EE, FR
Gardening products and services	EE, FR
Print solutions / services	FR, SI
Wood and wood products	FR
Office supplies	FR
Lighting equipment	RO
Events	ES

[39] Countries mostly specify their priority product group targets in their GPP/SPP national action plans. However, the Czech Republic, Ireland and the UK use other sector-specific action plans as platforms for GPP target specification (e.g. the Irish Smarter Travel transport policy paper specifies an Irish target for publicly procured vehicles).

Moreover, legal provisions and mandatory GPP criteria in some countries emphasize certain product groups like ICT, paper, timber and vehicles. In this regard, for example in Denmark and Portugal, the mandatory use of the centralized procurement services on the central government level ensures green purchases for certain product groups.

2.4.1.2 SRPP and PPPI product groups

Even Member States that follow integrated approaches including social policy and/or innovation promotion objectives in their NAPs – namely Austria, Belgium, Finland, France, Italy, the Netherlands, Norway, Poland, Portugal, Sweden and the UK – often stipulate that social policy objectives should be considered, while seldom if ever prioritizing certain product groups. Consequently, the products or product groups most likely to be affected by SRPP and PPPI cannot be reviewed comparatively and systematically for all Member States. Instead, an overview of the sporadic approaches is provided in what follows.

All in all, one third (10) of the countries explicitly refer to specific product groups in one way or another in their approaches to SRPP.[40] The Netherlands has prioritized five product groups for SRPP, adopting specific social and ethical criteria in 2010. Austria, Norway, and Poland explicitly state that they plan to develop social criteria in the near future, without reference to any product groups. Furthermore, some countries (e.g. Denmark) include social and ethical considerations in the criteria for relevant GPP product groups (e.g. timber, food and catering services). Italy is working on social criteria in compliance with ILO conventions for the procurement of textile products. This is mostly based on existing labels and standards that integrate social and environmental considerations, such as the common labels for sustainable timber and timber products. Initiatives aiming to disseminate social policy objectives in public procurement (such as the Austrian SO:FAIR initiative described in the case study in Annex III and summarized below) also sometimes focus on certain product groups. Interestingly, the majority of such initiatives occur on regional and local levels; examples include the working group for both environmental and social criteria in the procurement of textiles in the Tuscany and Piedmont Region in Italy, and the city of Antwerp in the Netherlands with the SPP priority product groups of work uniforms, vehicles, ICT equipment and cleaning.

Case Study Austria:

In Austria, the **SO:FAIR** project stands out as a promising national initiative that puts social responsibility on the public procurement agenda by informing about possibilities and ways to realise SRPP. To this end, the project consortium of public and private actors has developed social criteria catalogues for specific product groups (food, textiles/apparel and stone), and provides relevant language for tender documents in the form of template text modules for technical specifications, awarding criteria, and contractual clauses. In addition, the Consortium makes legal recommendations, conducts trainings, promotes good practices and disseminates information on SRPP to the public. While official criteria for socially responsible procurement are still under development by the national government in Austria, this broad initiative has succeeded in advancing SRPP through a multi-stakeholder consortium of national, regional and local organizations.

[40] Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden and the UK.

Countries explicitly refer to product groups for innovation procurement even less often and systematically than for SRPP. Also, PPPI is often linked to GPP product groups or broader policies, as is underlined by the many environmental technology action plans and the Nordic Council's 2010 action plan *Innovative Green Public Procurement of Construction, IT and Transport Services in Nordic Countries*. In Germany the *High-tech Strategy* (2006) identified security technology, energy (renewable energies and environmental technology), communication (including ICT), transport (vehicles, train and railway technologies) and health (medical equipment) as priority sectors and product groups for promoting innovation. In Sweden the *Innovation Procurement Inquiry* proposes infrastructure, health and environment as key sectors for PPPI. The Swedish Governmental Agency for Research and Innovation for Sustainable Growth (Vinnova) has prioritised promoting innovation through public procurement in areas such as the environmental sector, energy, health, security, IT and telecommunication; the agency is engaged in PPPI pilots and will launch a PPPI programme during 2011. Norway in its whitepaper *An Innovative and Sustainable Norway* (2009) ascribes importance to the health care sector, defense-related industries, construction and public transport as well as environmental technologies. Under the *Action Plan Eco-Efficient Technology* in Denmark, the Minister of the Environment promotes the development and spread of environmental technology; a certain amount of money is also set aside for pilot projects on the procurement of eco-efficient technology innovations.

Only a few PPPI approaches could be identified at the regional level. In Finland, the *Demand- and User-Driven Innovation Policy Framework and Action Plan* (2010) outlines a strategy for renewing the provision of public services through public-private partnerships (PPP), user-driven services and PPPI. As foreseen in the policy, the Innovative Forerunner Cities Network bridges the gap between national policy and regional/local practice on PPPI, promoting innovation in public services through a cooperative partnership of nine Finnish cities and municipalities, along with national ministries and agencies (see case study in Annex III). A pilot project in the Helsinki-Uusimaa region of Finland also seeks to promote innovative SMEs. Another example of a regional PPPI initiative can be found in the City of Maastricht, the Netherlands, which is active in GPP and SRPP and involved in pilot projects on PPPI. As evidenced by these examples, PPPI is particularly advanced among the Scandinavian countries.

Case Study Finland:

In Finland, the **Innovative Forerunner Cities Network** was formed to create innovations in the provision of public services in response to pressing social challenges, while developing new goal-oriented procurement procedures and public management practices based on citizens' needs. In cooperation with the Ministry of Employment and the Economy and other national organisations, participating "forerunner" cities seek open dialogue and public-private partnerships, and build on existing R&D activities in order to identify, examine and pioneer innovative user-driven service approaches, as well as share their experiences and best practices. Through goal-oriented procurement, public organisations thus also take on the role of developing the marketplace to meet public needs. The Network was established in the context of pioneering user-driven innovation policy on the national level.

The following table contains the inventory of all product groups found in the country analysis in the context of approaches to promote social aspects and innovation through public demand.

Table 6: SRPP and PPPI product groups

SRPP product groups	PPPI product groups
• Textiles, footwear • Food, drinks and catering services (foremost coffee, tea, cocoa, fruits and fruit juice, vending machines) • Timber and timber products • Cleaning services • Stones • Flowers • Fuels • Construction services • Balls and balloons • Fireworks	• Environmental technology (for waste and water sectors) • Office IT equipment • Renewable energies • Energy-efficient technologies • Transport • Construction and urban planning • Health sector and medical equipment • Defense and security technology

2.4.2 Criteria

In order to promote the actual implementation of other policy objectives in procurement, it is important for countries to provide information and guidance to procurement practitioners on how to adapt their tendering procedures, namely which criteria to use to ensure environmental, socially responsible or innovation-promoting procurement. In identifying predominant types of product criteria, here too all dimensions of Member States' approaches are taken into account. It should be noted, however, that a comprehensive review and detailed stock-taking would exceed the scope of this study. Therefore, the following section presents an overview of where criteria are set out for the various policy objectives, and how this is done.

The elaborateness of Member States' approaches differs significantly. While Greece and Liechtenstein do not offer any guidance, all other countries are developing or have already developed a set of documents and tools to support their GPP or SPP approaches. The provision of information and guidance ranges from citing vague considerations derived from broader policies (as is done by most countries implementing GPP, SRPP and PPPI) to the stipulation of specific criteria (as is done by most countries, predominantly in the field of environmental policy objectives). Considerations reflect the objectives of all relevant policies, such as the NAPs, but also biodiversity conservation, energy efficiency and natural resource management, SME promotion and others (see section 2.2.1). Typically, criteria are stipulated for specific product groups and can be designed for use throughout the procurement process; criteria can be applied in the early stages of the tendering process, such as in the form of technical specifications, selection criteria and award criteria, or once a tender has been selected, in the contract clauses.

2.4.2.1 Environmental considerations and criteria

Especially for GPP, a number of Member States have developed criteria that help procurement contribute to environmental policy objectives by reducing the impact of purchases on the environment. All in all, a clear majority of the Member States (22 countries) already implement GPP criteria. Additionally Bulgaria, Estonia, Hungary, Latvia, Luxembourg, Greece and Romania are about to develop criteria.

- Around half of the countries examined explicitly name the EC GPP criteria as a basis for their own GPP criteria. This applies mainly (but not solely) to the new Eastern European Member States that have joined the EU since 2004, such as Estonia, Latvia and Slovakia.
- Ten countries (Austria, Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the UK) have the most elaborate criteria schemes, according to a recent study on GPP criteria and underlying schemes (AEA 2010). The results of the analysis of the 30 countries strongly support this country grouping.

As noted in section 2.4.1, a majority of the Member States, including the ten named above, have adopted specific criteria for particular product groups, often corresponding to the EC GPP criteria. Notably, Denmark, Finland, France and the Netherlands have defined GPP criteria for a number of product groups beyond those defined on the EU level. Furthermore, especially the more advanced countries commonly define at least two levels of criteria; Belgium, Germany, Norway, Spain and Sweden provide for three levels. Some distinguish simply by level of ambition, whereas others distinguish between mandatory and best practice criteria:

- In Germany, the Federal Environment Agency (UBA) has developed procurement criteria for 4 prioritised product groups (computers, multifunctional appliances, industrial and glass cleaning and irrigation systems in landscaping) at 3 levels (beginner, advanced and expert).
- Spain has created 3 levels (basic, advanced and excellence) of common green criteria for more than 20 different products and services, based on the EC GPP criteria scheme.
- Sweden is developing criteria with three levels of stringency and ambition: Level 1: Basic requirements (covering products with a basic level of environmental performance); Level 2: Advanced requirements (top environmental performance quartile (25%), roughly equivalent to current eco-labeling criteria); and Level 3: Spearhead criteria (forefront of existing environmental developments/innovations, based for example on the concept of best available technologies (BAT)).

In terms of their content, criteria can be ranked in the following way:

- Most prominent are considerations and criteria aimed at **energy efficiency**; about two thirds of the countries include these in their GPP approach.
- The use of **eco-labels** and **certification** (ISO, EMAS, EMS) is also very common; more than half of the countries cite this consideration. Besides the reference to national eco-labels, Denmark and Malta, for example, have developed specific procurement labels or certificates (the “Green Office” label in Malta; the “Green Transport” certificate for municipalities in Denmark) in order to guide, but also to provide incentives for procurers and suppliers alike.
- About a half of the Member States stress **life-cycle costing** and/or assessment as an important criterion.
- Further considerations and criteria identified are rather sporadic and mentioned only in a few countries’ policies, for example: reduction of purchasing (Slovenia), resource efficiency (Germany, Norway), recycling (Czech Republic, Slovenia), energy recovery (Czech Republic, Slovenia), total cost of ownership (Austria), disposal/removal agreements (Slovenia), reduced emissions (Norway) or thermal regulation (France).

Countries present information in different formats to guide decisions and processes for GPP, ranging from single documents and background material per product group (as promoted by the EU GPP scheme) to combined and comprehensive documents. For example, France has developed criteria documents for more than 30 product groups. In Finland the Hymonet online database provides subscribers with procurement criteria for 20 product groups. In the Netherlands detailed sustainability criteria documents have been developed for more than 50 products and services.

While over two-thirds of MS provide procurers with guidance documents and recommended criteria, in about half of these cases their use is voluntary. As noted below Finland, France and the Netherlands provide criteria for many product groups, though their use is not mandatory. Finland, too, uses voluntary criteria but partly mandatory targets. Poland and Sweden have also adopted approaches where GPP criteria are voluntary. Lithuania and Norway both set mandatory core criteria, while Belgium's criteria are mandatory for procurement at the federal level. Denmark sets mandatory GPP criteria for the central government for 20 product groups. Among the countries with different levels of obligations for different product groups are the Czech Republic, with mandatory criteria for furniture and IT, and Germany, which has mandatory criteria for the procurement of wood, energy-efficient products/services and considering LCC.

The following table provides an overview of the number of GPP/SPP product groups adopted by country and the criteria in place.[41]

Table 7: Number of priority product groups (PPG) and criteria per country

Country	# of PPG	Criteria (mandatory and voluntary)
Austria	19	Core and advanced level criteria, based on EC GPP criteria and pilot phase experiences: life cycle costing, least possible environmental impact, eco-labels, supplier certification (e.g. EMS), EU energy efficiency benchmarks and guidance criteria
Belgium	18	Three levels of criteria for 18 product groups (90 products), based on EC GPP criteria, certificates, eco-labels and other standards, energy efficiency
Bulgaria	10	Energy efficiency criteria
Cyprus	12	Minimum based on EC GPP core criteria, additional criteria set by national experts
Czech Republic	23	Based on EC GPP criteria, eco-label products, and products made from recycled materials, EMS (EMAS, ISO 14001), eco-efficiency throughout the life cycle, energy performance certificates, labels guaranteeing a renewable source of energy
Denmark	12	Environmental guidelines formulated for 47 goods and services, eco-label criteria (Nordic Swan and EU Flower, Energy Star and others), life cycle costing, organic food label, 18 guidelines for electricity using products
Estonia	10	Based on EC GPP criteria Set 1, energy efficiency
Finland	20	Core and comprehensive criteria sets, partly EC GPP criteria, energy-

[41] Priority product group numbers have been compared against existing studies on product groups. As the analysis encompassed not only priority product groups for which criteria have been developed but also includes product groups named in all relevant policies integrating environmental policy objectives in procurement the sum of product groups per country is in some cases higher than reported by previous studies. Numbers include SRPP product groups if a country addresses GPP and SRPP in an integrated SPP approach.

		efficiency standards, eco-labels, life cycle costing
France	30	More than 50 sustainability criteria documents and guides, partly EC GPP criteria, energy labels and energy standards, energy efficiency, thermal regulation, European and international eco-labels, EMS, GEM Guides and Etat Exemplaire
Germany	13	Guidance and basic award criteria, criteria for wood and energy efficiency, eco-labels (Blauer Engel – resource efficiency), life cycle costing, EMAS, ISO 14001
Greece	-	Several good practices
Hungary	6	Eco-labels, life-cycle costing
Iceland	3	Eco-labels, life-cycle costing
Ireland	12	Energy efficiency, local food production and seasonal menu
Italy	19	Eco-labels, self-declarations, product declarations, EMS certification, life-cycle cost evaluations and cost-benefit analysis, reduced electricity consumption
Latvia	8	Based on EC GPP criteria
Liechtenstein	-	
Lithuania	15	Eco-labels, ISO, EMAS, life-cycle costing
Luxembourg	4	Certification schemes (e.g. FSC), energy efficiency, “SuperDreck-sKëscht” label for waste prevention and handling
Malta	16	Based on EC GPP criteria
Netherlands	52	More than 50 sustainability criteria documents, based on EC GPP criteria, life-cycle assessment, eco-labels
Norway	16	Basic, comprehensive and innovative criteria, eco-labels, life-cycle costing, quality and environmental properties, energy efficiency, low content of hazardous chemicals, low pollutant emissions and low resource consumption, ISO 14001, national Eco-Lighthouse Scheme, GRIP criteria[42]
Poland	25	Based on EC GPP criteria Sets 1 and 2, certificates, technical specifications
Portugal	10	Life-cycle costing, eco-labels, energy efficiency

[42] Defined by GRIP – Norwegian centre for sustainable production and consumption. See: www.grip.no.

Romania	8	Based on EC GPP criteria, eco-efficiency standards, best available technologies (BAT), environmental protection standards
Slovakia	6	Based on EC GPP criteria, life-cycle assessment, energy efficiency, eco-innovation
Slovenia	10	Based on EC GPP criteria, life-cycle costing, energy efficiency, reduced quantity, recycling agreements with suppliers, energy recovery and eco-innovations
Spain	8	Based on EC GPP criteria, guidelines on cleaning products and services, maintenance and minor works on buildings, IT equipment, paper and publications
Sweden	10	Criteria on three ambition and stringency levels, around 60 criteria documents exist, EMS, life-cycle costing, environmental performance criteria, eco-labels, best available technologies (BAT)
UK	16	Criteria developed for around 60 products, based on EC GPP criteria, minimum technical specifications for low emission technologies

2.4.2.2 Social considerations and criteria

Compared to GPP, particular considerations are much less commonly and precisely defined for social policy objectives. More recently, a number of Member States (for example Austria, the Netherlands and Poland) have initiated attempts to integrate SRPP criteria in their existing GPP schemes. SRPP considerations and criteria could nonetheless be identified for about half of the countries; Member States that are particularly active in defining SRPP criteria include Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands and the UK.

References to social and ethical standards have been set for all phases of the procurement process. In accordance with EU guidance, social considerations are widely recommended for inclusion in contract clauses, and are also reflected in national procurement legislation (see section 2.2.2). Besides general appeals to purchase in light of social or CSR considerations, the SRPP provisions most commonly adopted by the countries examined include:

- Requirements for decent working conditions – ILO Core Labour Standards (prohibition on child and forced labour, freedom of association, collective bargaining and non-discrimination), but also other standards like minimum wage, working hours, etc.
- Reservations for social enterprises or workshops employing the disabled (sheltered workshops)
- Social inclusion and equal opportunity
- Reservations for SMEs
- Fair trade standards (e.g. Fairtrade International (FLO) Standards)

Examples of major SRPP provisions are listed below. These examples demonstrate the wide range of approaches taken by the different countries in implementing SRPP; they are not meant to summarize the complete SRPP activities of the named country.

- **Austria:** The SPP NAP refers to the EC's *Buying Social* guidance criteria, explicitly stipulating "good" and decent working conditions, social inclusion and accessibility for disabled people, support for SMEs, support for CSR and fair and ethical trade.

- **Belgium:** The SPP NAP refers to equal opportunities, the promotion of SMEs and the reservation of parts of procurement for social enterprises. The Flemish Region has adopted an *Action Plan on Sustainable Procurement* (2009-2011), which prioritises the following social aspects: promotion of social justice (respect for ILO standards, human rights); promotion of equal opportunities and treatment (anti-discrimination, fair employment, accessibility and IT accessibility); promotion of diversity and equal participation; creation of sustainable jobs (creating new jobs and strengthening existing ones); promotion of CSR.
- **Denmark:** There have been attempts to integrate social clauses in public procurement for the last 20 years. As a signatory to ILO convention 94, Denmark is obliged to integrate labour clauses in public contracts at the national level, whereas municipalities are free to do so. *The Action Plan on CSR* calls for UN Global Compact Principles and underlying conventions to be considered.
- **France:** Social clauses are regularly used in procurement contracts. The *PNAAPD* refers to SA8000 and ISO 26000 as possible reference standards. The *Prime Minister Circular 3/12/2008 Fiche 19* refers to the ILO Core Labour Standards as well as the expansion of the use of social clauses for the integration of the unemployed and people with disabilities by all purchasers. Since the reform of the procurement code in 2001, social clauses aiming at the integration of the unemployed into the job market have been increasingly used in public contracts, especially by local authorities. Other issues like SME promotion, fair trade and core labour standards are discussed in interministerial working groups. The city of Paris has developed its own SPP Charter. Social clauses aimed at the integration of people excluded from the job market are employed regularly as well.
- **Germany:** Two comprehensive guides on SRPP have been developed for local authorities. Both mainly address the use of the ILO Core Labour Standards in public procurement. The first guide focuses on the legal background for SRPP, while the second provides detailed information on the concrete implementation of social criteria throughout the procurement process, including model tenders.
- **Italy:** The Management Committee responsible for the GPP NAP has proposed a "structured dialogue" between contracting authorities and suppliers, as well as between suppliers and subcontractors in their supply chains. This dialogue is to involve a questionnaire designed to capture information on compliance with minimum social standards (ILO core conventions) by companies in the supply chain. The inclusion of social criteria for the procurement of textiles and footwear is being discussed for the GPP NAP. In 2010, a working group for the determination and inclusion of both environmental and social criteria in the procurement of textiles was formed. The working group is led by ARPA Tuscany and ARPA Piedmont.
- **The Netherlands:** SRPP criteria (currently under development as contract clauses) are based on existing national and international agreements (such as the ILO core conventions, the Universal Declaration of Human Rights) and labelling systems (such as FLO and Fair Wear). Additional labour standards (on working time, wages and occupational health and safety) are applied for certain product groups. SRPP policies such as the *Plan for Social Return* focus on contract clauses on employing people excluded from the labour market (e.g. the long-term unemployed). With the objective of promoting international social standards, the *Cabinet Social PP Policy* emphasizes the realisation of improvements in the supply chain.
- **Norway:** The *Action Plan against Social Dumping,* focused on construction, set out to extend existing requirements for pay and working conditions on the central level and also includes municipal tender procedures. It called for the ILO Convention no. 94 with requirements for Norwegian pay and working conditions to be implemented by municipalities and county authorities.

- **Portugal:** *Central E-Shopping (CCE)* was created in 2007 with the aim of centralising procurement activities in the Lisbon Metropolitan Area. Besides environmental criteria, some social criteria were also included, mainly related with workers' fundamental rights and principles, as stated in the ILO core conventions.
- **Spain:** In 2001 the *Green Office Programme* was created by the Barcelona City Council. As part of this programme social and ethical aspects were also introduced to procurement, such as the promotion of fair trade products, the social economy and, beginning in 2005, and the inclusion of ethical clauses in product purchasing.
- **Sweden:** The Swedish Environmental Management Council is developing criteria for sustainable procurement, including social and ethical aspects, with the aim of covering all product groups with GPP criteria, where relevant. It has also investigated the indicators for social responsibility presented by the Global Reporting Initiative (GRI) for human rights, labour practices and decent work and society to determine whether they could be used as criteria in public procurement.
- **The UK:** Since April 2010, the application of the *Government Timber Procurement Policy,* announced in July 2000, includes criteria referring to the following aspects: identification, documentation and respect of legal, customary and traditional tenure and use rights related to the forest; mechanisms for resolving grievances and disputes including those relating to tenure and use rights, to forest management practices and to work conditions; and safeguarding the basic labour rights and health and safety of forest workers.

2.4.2.3 Innovation considerations and criteria

Two observations stand out regarding the promotion of innovation through public procurement. First, the term *innovation* can be found in almost all of the countries' SPP programmes or policies and is often linked to competitiveness and eco-technology. Second, although the term innovation is extensively used, particular considerations for PPPI remain quite rare and vague; instead, innovation itself is often named as a criterion for procurement, along with quality and effectiveness.

Germany is among the few countries to name specific PPPI criteria. The *German High-tech Strategy* (2006, 2010) highlighted cost-effectiveness, user-friendliness and resource-efficiency as criteria that can promote innovative solutions in tendering. In the 2007 *Resolution on strengthening innovation orientation in public procurement,* the collaborating ministries committed themselves and their subordinated CAs to consider life-cycle costs in tender assessments, enhance technical risk assessments and actively source innovation. Furthermore they agreed to use measures of procurement law where appropriate, e.g. functional requirement specifications, admission of side-tenders, and competitive dialogue. Iceland, too, encourages the use of functional specifications to encourage innovative solutions in tenders.

Again, due in part to the open-ended nature of innovation itself, but also to the lack of systematic PPPI policies, specific PPPI criteria do not exist in most of the countries examined. Rather, broad considerations are typically recommended to promote innovation in procurement. Often the focus is on promoting SMEs, as for example in Finland, where the City of Helsinki has adapted public policy tools to facilitate SME participation in public and pre-commercial procurement; *Small Business Research Initiatives (SBRI)* are also promoted. The Netherlands, too, addresses SMEs through its *Small Business Innovation Research (SBIR)* campaign.

A number of countries promote PPPI through specific methods of procuring innovation, such as public-private partnerships and related attempts to intensify dialogue with different industries and innovative enterprises. For example, Finland strives to promote and expand dialogue and partnership models in public procurement, encouraging contracting entities to

cooperate more closely with service providers. Furthermore, in its already mentioned *Action Plan for Demand-driven Innovation,* Finland promotes incentives for risk-taking models and risk management tools. The action plan recognises the ESCO (Energy Service Companies) and MASCO (Material Service Companies) models as exemplary models of sharing financial risks and incentivising eco-innovation. Norway, in its whitepaper, *An innovative and sustainable Norway* (2008), calls for increased risk-taking in the field of PPPI, especially among the rather risk-averse public administration. Ireland organises dialogues with the business community on how the government can promote innovation and collects and disseminates best practices on PPPI. Sweden also supports dialogue between sector groups of procurers and innovative companies, and seeks to influence the market through catalytic procurement, through which it encourages the development of innovations or the diffusion of new products or services through systematic development and evaluation work. Similarly, pre-commercial or forward commitment procurement (FCP) is implemented in the UK,[43] while Romania encourages the use of best available technologies (BAT) to support innovation through public procurement.

The development of informational and guidance material is another common approach to promoting PPPI. In the UK, informative documents and guides like the *Driving innovation through public procurement* (2009) pamphlet provide examples and propose steps towards innovative procurement. Austria's handbook *Procure_inno* gives guidance to public CAs on how to use public procurement to promote innovation. It provides information, technical guidance, good practice examples, links and references for further information. Furthermore, the *Wienwin* initiative provides a database of innovative products offered to public authorities by companies based in Vienna. Ireland published the guide *Buying Innovation: The 10 Step Guide to SMART Procurement and SME Access to Public Contracts* (2009) in conjunction with the release of the report of the Procurement Innovation Group, *Using Public Procurement to Stimulate Innovation and SME Access to Public Contracts*. The report outlines steps to encourage innovation in the provision of goods and services to the government and to increase SME access to public contracts, and provides examples of innovative solutions and links to useful websites. In Belgium, the Ministry of Economy has launched seminars on PPPI, and the Flemish region is very active on PPPI and has established a knowledge centre on innovation procurement. In Finland, the Motiva helpdesk coordinates public procurement and innovations in environmental technology through a consultancy service.

Thus, despite the relative lack of strategic national policies on PPPI, many Member States call for innovation through broader strategies and a number of individual programs promoting innovation can be found. Common PPPI-related programs promote SMEs' access to the tendering process, or public-private partnerships and dialogue. Additionally, tendering processes are made more conducive to innovation through pre-commercial or forward commitment procurement, reducing the risk for companies to innovate. Finally, a number of MS promote PPPI in a disseminative manner by providing CAs with informational and guidance materials or trainings.

[43] A procurement model developed by the UK Government's Environmental Innovation Advisory Group (EIAG) to address market failures and support purchasing of cost effective environmental products and services.

2.5 Impact on market development

Little is known about the actual spending on GPP, SRPP and PPPI in Europe. In order to shed some light on this topic, the present study collected the existing information and undertook own calculations based on current government targets. Given that there are far more studies exist on GPP than on SRPP and PPPI, and given that existing policy targets focus on this area as well, this chapter primarily deals with the economic implications of GPP. Also, the relative absence of strategic approaches on SRPP and PPPI allows us to assume that the market implications of these two areas are much less significant.

The two existing sources of information for the assessment of GPP budgets are government-supplied reports and reports by third parties (academia and consultancies). The data obtained from these sources are presented separately below.

2.5.1 Government supplied reports

Desk research and phone interviews with relevant CAs helped to identify 13 governmental reports or national action plans, covering 12 different Member States, which record estimates of national GPP-affected budget expenditures. Government reports generally refer to the GPP-affected budget, with an exception of Lithuania, whose report also covers SRPP estimations.[44]

- Hungary and Estonia report GPP as a share of total PP. While the reported Hungarian GPP share exceeds the projected GPP budget (for explanations of the projections method see Annex II), the opposite is true for Estonia.
- The Lithuanian report also records GPP as a share of total public procurement (no comparison is possible with the projected estimations).
- A number of government reports (from France, Latvia, Poland and Slovakia) estimate the share of tenders/contracts that include environmental considerations.
- Slovenian and Italian reports refer to specific priority product-group estimations.
- The Czech Republic report estimates the share of eco-labelled purchases (total and for specific product groups) as a share of total public procurement.
- Ireland makes a monetary estimation of its GPP market.

A comprehensive list of all reports and details of their contents can be found in the Annex II; some of the more elaborately reported results are recorded in Table 8.

Table 8: Collection of selected reported expenditures

Czech Republic
GOVERNMENT REPORT – Annual report of the Ministry of Environment 2009 (obtained via interview with the Ministry of Environment, Department of Environmental Policy Instruments) Based on collected reports from 2008, Czech ministries purchased products with the national eco-label for 7.3 Mio € in that year. According to the Ministry of Environment, 56% of products purchased

[44] In the case of Slovenia, self-computed further calculations (involving the methodology of projections of GPP expenditures explained in section 2.4.3) are performed on the basis of the data provided by government report.

by all ministries (Czech central government) in 2009 also carried the national eco-label. Overall, purchases of products with the national eco-label fell from 59% of all purchases in 2008 to 56% in 2009.

In 2009 the Ministry of Environment began recording the total value of all eco-labelled or "green" purchases, which it calculated to be 18.83 Mio € in 2009. This substantially larger value is due to the inclusion not only of those products carrying the national eco-label but of items purchased with any ISO Type I label, Energy Star or TCO (clarification was obtained from an interview with responsible officials).

The Ministry of Environment calculated the percentage of eco-labelled purchases in specific product groups in 2009 as a share of total public procurement purchase in that product group:

- 87% of **boilers and other heath sources** were eco-labelled (365,278.35 €)
- 46% of **paper and pens** were eco-labelled (1,839,580.02 €)
- 34% of **furniture and office equipment** was eco-labelled (2,812,266.81€)
- 28% of **office IT** was eco-labelled (13,167,058.47 €)
- 28% of **white electronics** (household appliances) were eco-labelled (46,824.74 €)
- 23% of **washing and cleaning products** were eco-labelled (201,658.44 €)
- 6% of **lubricants and other fluids** were eco-labelled (4,138.64 €)
- 39% of **gardening equipment** was eco-labelled (134,487.74 €)
- 14% of **textiles** were eco-labelled (241,841.80 €)
- 46% of **fuel** was eco-labelled (970.68 €)
- 26% of **other** public procurement purchased products and services were eco-labelled (19,534.82 €).[45]

France

GOVERNMENT REPORT – Ministry of the Environment (MEEDDM) Report 2009 (obtained via interview with MEEDDM)

- Less than 5% of tendering in the state procurement in 2009 included environmental clauses.

GOVERNMENT REPORT – Budget Ministry Figures 2008 (obtained via interview with the Budget Ministry)

- Out of 60,393 awarded contracts worth more than 90,000 €, only 2% included environmental clauses in 2008.
- Among the state level public procurement agencies, 3% of awarded contracts included environmental clauses.
- On the local level, 2% of awarded contracts included environmental clauses.
- Total awarded contracts were divided into three categories according to the type of purchase: works, services and supplies. A breakdown by the type of purchase shows that en-

[45] Values in € are calculated from the original values in Czech Koruny, using an exchange rate for year 2009, as reported by the European Central Bank (26,435 CZK = 1 €).

vironmental clauses were most common among contracts concerning works.

Italy

GOVERNMENT REPORT – Survey by the Ministry of Environment, 2004

- 34% of provinces and 18% of communes had introduced environmental criteria into their procurement processes in 2001.
- 55% of municipalities purchased recycled paper (though less than 10% of the municipalities purchased an amount larger than half of their total need).
- 40% of municipalities used organic products in canteens.
- 40% of municipalities took the EU energy label into consideration when buying lighting products.
- Generally, cases of coordinated and integrated green procurement are rare.

Lithuania

GOVERNMENT REPORT – Key Features of the Lithuanian GPP NAP 2007–2010, Ministry of Environment

- GPP represented 30.7% of total procurement in terms of monetary value in 2008.
- The share of GPP in total procurement fell from 7.6% in 2008 to 5.6% in 2009 in terms of the number of contracts.

GOVERNMENT REPORT – Ministry of Environment (obtained via interview)

- CAs for which applying GPP is compulsory concluded 3,297 public procurement procedures (valued at LTL 3,033.7 Mio, approx. 878 Mio €), 201 out of which were green (LTL 726 Mio, approx. 210 Mio €). Thus, GPP constituted 6.1% of the total number of procurement procedures conducted by these CAs. Calculated by value, GPP constituted 24% of procurement.
- CAs that are not obliged to apply environmental criteria conducted 4,336 public procurement procedures (LTL 3,377.2 Mio, approx. 978 Mio €), 228 out of which were green (LTL 638.6 Mio, approx. 185 Mio €). Thus, GPP constituted 5.3% of the total number of procurement procedures executed by these CAs. Calculated by value, GPP constituted 18.9% of procurement.
- Generally, most GPP procedures related to construction works, paper, computers, printing and publishing services.

Poland

GOVERNMENT REPORT – Public Procurement Office Report, 2006

- 4% of all researched contract notices had "green objects of contract" or included environmental criteria in 2006.
- Based on an analysis of 1,200 random tender notices published on the national and European level in 2009, 10.5% of all contracts included some environmental criteria.

Slovakia
GOVERNMENT REPORT – GPP NAP - 1% of all tenders include a reference to green criteria.

The overview of existing government reports is more interesting for what it does not say than for what it does. The overview shows that:

- rather few MS report at all. Interestingly, it is mostly the east European MS which have started to collect data, not those MS that have long-standing GPP policies;
- as far as it is possible to say, most of the information has been barely elaborated and in some instances the reported figures are rough estimates;
- the authorities in the MS obviously apply very different criteria when estimating GPP budget figures. As a consequence the data are hardly comparable;
- published values vary widely. While the Czech Republic reports about 19 million Euro (central government spending on GPP[46]), official Lithuanian sources report about one hundred times that amount.

2.5.2 Third-party reports

Besides government-supplied reports, a number of relevant academic and consultancy studies have been identified and reviewed, resulting in estimations of reported GPP expenditures for 16 different countries (see Annex II). Generally, third-party reports use two different methods to obtain estimations of GPP-affected budgets:

- An analysis of tenders/contract notices (e.g. Take 5 (2005), TemaNord (2005) and SIRA Consulting (2010)); and
- Internet/phone surveys (e.g. PricewaterhouseCoopers (2009a), van Meesche (2005), GRIP (2001) and Dolva, C. (2007), which applied both techniques).

Most of the existing studies are country-specific, and in most cases different countries are tackled with. Only three reports cover a larger set of Member States.

The brief comparison between two major studies in this area presented in Table 9 reveals that estimations of the extent of GPP and of countries' performance differ substantially.

The comparison between the PwC estimates of overall PP contracts with green criteria and the Take 5 calculations of tenders with green criteria includes the cases of Austria, Denmark, Finland, Germany, the Netherlands, Sweden and the UK (countries covered by both studies). The PwC study generally reports higher numbers of contracts with more elaborate environmental criteria (in the PwC report these are the comprehensive criteria and in the Take 5 report the solid ones), and lower numbers for tenders with "lighter green" criteria (called "core" in PwC and "light" in Take 5). Still, even in the PwC study the ranges are rather wide.

[46] The report is not very clear on which contracting authorities the figure actually refers to.

Table 9: Comparison of results from the PricewaterhouseCoopers and Take 5 studies

	PricewaterhouseCoopers (2009)		Take 5 (2005)	
	Comprehensive green criteria (%)	Core green criteria (%)	Solid green criteria (%)	Light green criteria (%)
Austria	15	47	7	52
Denmark	13	46	5	27
Finland	11	39	7	35
Germany	14	32	10	55
Netherlands	24	27	10	30
Sweden	23	38	23	40
UK	12	47	26	31

Also, the country rankings are very different, far more so than could be explained by the different timing of the studies. While Germany, for instance, comes first in the Take 5 study (if the figures for solid and light criteria are added up), it has the lowest results in the PwC study of all countries investigated there (if comprehensive and core green criteria are added up).

The comparison between the two studies reflects the general situation: Notable differences in the results can be seen also when the other reports (where possible) are compared. Thus, though existing third-party studies include (at least in some cases) several countries and therefore provide for some comparability, that comparability hinges largely on the applied GPP definitions and the overall study design.[47] Total GPP budget estimations are difficult to make on the basis of these studies, and market impacts are also difficult to assess.

2.5.3 Projections of GPP expenditures

Given the deficiencies of the existing material, this study explores another approach to estimating GPP budgets. This approach projects targets provided by Member States' policies. As presented in section 2.3 the majority of Member States have specified targets in their GPP/SPP National Action Plans that they aim to achieve within a given time frame. Based on estimates of total procurement expenditures, such specified targets allow for estimations of the potential shares of GPP (always represented as the share of the upper or lower band figures) that would be reached if the Member States fully achieved their targets. In doing so,

[47] The main differences between the two studies cited above arise from the different definitions of "green criteria" and the different methodologies used for collecting results as well as recording different numbers of priority product groups (10 in the case of PwC and 11 in Take 5). In the case of the PwC study, the core and comprehensive green criteria are specified for each priority product group (core green criteria refer to the most significant environmental impacts; comprehensive green criteria include best environmental products). In contrast, in the Take 5 study solid green criteria refer to more than three green specifications found in tenders, and light green criteria include one single green specification found in a tender. Take 5 performs an analysis of selected above-threshold tenders for specific countries, while PwC focuses on the analysis of results obtained from internet questionnaires.

the assumption is made that the estimated total procurement expenditure remains the same in 2009 as in the year specified in the target used. Thus, this analysis does not address the question of the feasibility of achieving these politically negotiated targets, but assumes full compliance of Member States with their own targets.

Grouped around the types of targets used by Member States, three types of projections can be distinguished:

- for general GPP targets;
- for targets addressing different levels of government; and
- for targets directed at priority product groups.

Using targets where specified, it is possible to project budget shares to be spent on GPP for more than two thirds of the Member States. Unfortunately, due to the lack of specific targets for social or innovation policy objectives, this approach cannot be used for further projections of SRPP or PPPI expenditures.

2.5.3.1 Projections with general GPP targets

Seven countries – Denmark, Iceland, Italy, Lithuania, Latvia, Poland and Portugal – have quantifiable targets for general GPP levels (the targets are not, however, distributed among different government levels). With the use of two different assessments of overall public procurement,[48] a range (upper band and lower band) of GPP-affected budget figures is provided for these countries.

Budget proportions affected by the general GPP targets are presented in Table 10 (and more extensively also in Annex II). The GPP-affected budget in terms of the upper band (total public expenditure on goods, works and services) cannot be estimated for Iceland due to missing data.

Table 10: Budget projections of countries with general GPP targets

	If target (share of overall PP) is achieved	GPP-affected budget would amount to (upper band)	GPP-affected budget would amount to (lower band)
Denmark	50% until 2010	19.65 Bln €	4.11 Bln €
Iceland	30% until 2010		67.94 Mio €
	60% until 2011		135.87 Mio €
	80% until 2012		203.81 Mio €
Italy	30% until 2007	72.35 Bln €	10.52 Bln €

[48] Total public expenditures on works, goods and services (upper band) and estimates based on contract award notices published in the Official Journal (TED) (lower band). Both estimates vary considerably, with the first (the upper band) including substantial amounts of public expenditure that are not public procurement and the second (the lower band) excluding significant parts of public procurement that are not contained in the TED database. True public procurement figures lie somewhere in between. The Commission estimates that about 5.4% of BIP are public procurement (source forthcoming from the Commission).

Latvia	50% of the number of contract awards until 2010	347 (GPP-affected number of contract awards)	
Lithuania	10% until 2008	469.51 Mio €	115.39 Mio €
	15% until 2009	704.27 Mio €	173.08 Mio €
	20% until 2010	939.02 Mio €	230.78 Mio €
	25% until 2011	1.17 Bln €	288.47 Mio €
Poland	20% until 2010–12	11.21 Bln €	5.46 Bln €
Portugal	50% until 2010	16.29 Bln €	2.73 Bln €

2.5.3.2 Projections with targets addressing different levels of government

Rather than retaining only a general target or specifying it in terms of priority product groups, a few countries – Belgium, Finland, and Slovakia – define specific targets in line with levels of government (central, state, local). Here again, estimations are possible using the respective targets – combining them in this case with the estimates of public procurement expenditures for the different levels of government. Again, total public procurement estimates are based on two different sources (TPE and TED figures).[49]

A comparison of projections estimated with the two different methodologies is provided in the following table.

Table 11: Budget projections of countries with government level-specific GPP targets

Belgium	
If a 2011 target of 50% is to be achieved, the total shares of green contracts at **federal government level** will amount to:	
Methodology applied	**Amount**
TPE on works, goods and services	1.94 Bln € (3.41% of the overall PP – upper band)
TED database	321.36 Mio € (3.63% of the overall PP – lower band)

[49] Applying the EU COM definition and methodology of "total public expenditure on works, goods and services" (TPE) (data sets are S.1311 central government, S.1312 state government and S.1313 local government) allows us to allocate the set GPP targets to different levels of government, and to estimate shares in the overall public procurement (referring to the upper band values of TPE). With the data set of TED contracts, entries of awarded contracts are grouped according to type of authority and linked to specific government-level targets. This allows for a projection of shares and values of GPP targets of different levels of government relative to total PP (referring to the lower-band values of the TED contracts).

Finland	
If 2010 and 2015 targets were to be achieved, the total shares of green contracts at **central and local levels of government** would amount to:	
Methodology applied	**Amount**
Central government (if 2010 target of 70% was achieved)	
TPE of works, goods and services	5.44 Bln € (16.32% of the overall PP – upper band)
TED database	160.73 Mio € (2.93% of the overall PP – lower band)
Central government (if 2015 target of 100% is achieved)	
TPE of works, goods and services	7.77 Bln € (23.32% of the overall PP – upper band)
TED database	229.61 Mio € (4.18% of the overall PP – lower band)
Local government (if 2010 voluntary target of 25% was achieved)	
TPE on works, goods and services	4.41 Bln € (13.23% of the overall PP – upper band)
TED database	651.92 Mio € (11.87% of the overall PP – lower band)
Local government (if 2015 voluntary target of 50% is achieved)	
TPE on works, goods and services	8.82 Bln € (26.47% of the overall PP – upper band)
TED database	1.30 Bln € (23.73% of the overall PP – lower band)
Netherlands	
If 2010 and 2015 targets were to be achieved, the total shares of green contracts at **central and local government levels** would amount to:	
Methodology applied	**Amount**
Central government (if 2010 target of 100% was achieved)	
TPE on works, goods and services	29.12 Bln € (16.40% of the overall PP – upper band)
TED database	1.38 Bln € (14.90% of the overall PP – lower bad)
Local government (if 2010 target of 75% was achieved)	
TPE on works, goods and services	35.43 Bln € (19.95% of the overall PP – upper band)
TED database	1.84 Bln € (19.58% of the overall PP – lower band)

Local government (if 2015 voluntary target of 100% is achieved)	
TPE on works, goods and services	47.24 Bln € (26.60% of the overall PP – upper band)
TED database	2.45 Bln € (26.47% of the overall PP – lower band)
Slovakia	
If a 2010 target of 50% was achieved, the total shares of green contracts at **central government** level would amount to:	
Methodology applied	**Amount**
TPE on works, goods and services	1.29 Bln € (9.27% of the overall PP – upper band)
TED database	327.98 Mio € (7.11% of the overall PP – lower band)

2.5.3.3 Projections with targets addressing priority product groups

About one third of Member States have specified their targets according to priority product groups – the Czech Republic, Estonia, Finland, France, Hungary, Ireland, Malta, the Netherlands, Romania, Slovenia and Spain. Table 12 gives an overview of the projections of the shares of priority product groups.[50] It lists all the countries with priority product group targets and ranks them from those with highest total priority product group shares in overall national public procurement expenditures to those with the lowest. The differences in shares can be partly explained by the actual number of priority product groups included in the total amount (depending on how many targets countries have set). This number is also recorded in the following table.

Table 12: Priority product group expenditures as shares of national overall PP

	# Priority product groups	Total priority product groups share (%) of national overall PP (lower band)	GPP-affected total priority product groups share (%) of national overall PP (lower band)
EE	9	19.19	9.34
SI	8	43.39	19.78
RO	7	50.18	5.69
FI	5	48.20	43.65
FR	11	62.59	29.84

[50] For calculations based on product groups, only data from the TED database can be used. Therefore, only the "lower band" is presented here.

HU	3	10.03	8.89
CZ	2	10.76	2.37
ES	5	1.35	0.94
MT	2	1.18	0.64
IE	1	2.50	0.25

An observable trend among the countries with priority product group projections is that three priority product groups generally represent the biggest shares of GPP-affected national budgets:

- Construction
- Transport / Vehicles
- Office IT

These three product groups belong to those product for which most often targets exist (compare Table 6) and to which the Member States are mostly referring to in their policies (compare Figure 4).

The share of construction is the highest in France, followed by Finland and Estonia. In the Hungarian and Slovenian cases, GPP expenditure on office IT equipment exceeds that on transport.

Table 13: Budget projections of countries with priority product group specific GPP targets – the three priority groups with the biggest budget shares

	Construction	Transport / Vehicles	Office IT equipment
CZ		91.51 Mio € (1.10% of the overall PP – lower band)	
EE	174.37 Mio € (6.54% of the overall PP – lower band)	49.83 Mio € (1.87% of the overall PP – lower band)	7.76 Mio € (0.29% of the overall PP – lower band)
FI	1.55 Bln € (28.21% of the overall PP – lower band)	691.98 Mio € (12.59% of the overall PP – lower band)	
FR	15.10 Bln € (25.14% of the overall PP – lower band)		473.06 Mio € (0.79% of the overall PP – lower band)
HU		167.85 Mio € (3.30% of the overall PP – lower band)	264.38 Mio € (5.19% of the overall PP – lower band)

IE		54.65 Mio € (0.25% of the overall PP – lower band)	
MT	1.29 Mio € (0.58% of the overall PP – lower band)	0.13 Mio € (0.06% of the overall PP – lower band)	
RO	349.70 Mio € (4.99% of the overall PP – lower band)		21.25 Mio € (0.32% of the overall PP – lower band)
SI	134.54 Mio € (7.56% of the overall PP – lower band)	22.93 Mio € (1.29% of the overall PP – lower band)	40.22 Mio € (2.26% of the overall PP – lower band)
ES			210.16 Mio € (0.59% of the overall PP – lower band)

If we take into account the different estimations for GPP budgets, it is becomes clear that total budgets, even if based on very conservative estimations (the lower band), are very substantial:

- For general targets the results range from 67.94 Mio € (Iceland), to 230.78 Mio € (Lithuania), 2.73 Bln € in Portugal, 4.11 Bln € for Denmark, 5.46 Bln € in Poland, and 10.52 Bln € for Italy (all figures for 2010 except Italy 2007).
- Targets for different government levels: GPP budgets range from Slovakia 2.68 Bln € to Belgium 321.36 Mio. Bln €, Finland 812.65 Mio. €, and the Netherlands 3.22 Bln € (all for 2010 except Belgium 2011).

As stated in Chapter I, the economic leverage of public purchasing is often seen as an argument for integrating other policy objectives into procurement in order to influence consumption and production patterns. The estimated GPP budgets, according to the targets in the various MS, underline that this leverage exists.

Even taken a cautious line those product groups which are mostly targeted by GPP and which at the Member State level see more and more a common approach (compare section 2.4) can be definitely expected to also be strongly influenced by GPP in future. Here, we might expect cross-national (GPP) markets to emerge – a development which can be influenced positively by referring to harmonized strategies.

2.5.4 SRPP and PPI expenditures

On top of the lack of data on public procurement in general, it is also a consequence of the comparably lower levels of Member State activities in SRPP and PPPI that estimates are hardly possible for these other policy objectives. Nonetheless, estimations are possible for two countries – France and Lithuania – with specific SRPP targets or reporting. The French SRPP targets for two specific priority product groups (cleaning services and maintenance services for green areas) allow for projections of the SRPP-affected budget share affected by both specified groups, which amounts to 0.6% of overall French public procurement expenditures. In Lithuania, SRPP budget estimations are provided in a government-supplied

report and, similar to the French case, amount to less than 0.5% of total national public procurement in 2009 (for more details see Annex II).

For PPPI no data source and no targets are available, apart from the Portuguese 1% R&D target.

Table 14: Reported and projected SRPP budget estimations for relevant countries

France
Projections of SRPP expenditures • **Cleaning services** (if a 2012 target of 25% is achieved) 222.20 Mio € will be spent on SRPP (0.37% of overall public procurement expenditures – lower band); • **Maintenance services** for green areas (if a 2012 target of 50% is achieved) 139.89 Mio € will be spent on SRPP (0.23% of overall public procurement expenditures – lower band).
Lithuania
Reported GPP expenditures • SRPP amounted to 0.22% of total public procurement in 2009 (target for 2013: 5% of total PP). **Note:** The definition of the SRPP in the Lithuanian case is "procurement covered by social security requirements and procurement from social enterprises and other specified public service obligations from Art 91" (source: Government Procurement Office, GPP Monitoring, statistics, prospects and trainings)

2.6 Summary

In line with European Commission policy, the integration of environmental, social responsibility and innovation-promoting objectives into public procurement is gaining ground throughout Europe. Considering the various aspects of strategic approaches to integrating other policy considerations into public procurement, it is notable that all Member States, with the exception of Liechtenstein, pursue the integration of at least one area of the other policy objectives investigated here. With regard to the prevalence of particular objectives, however, GPP is clearly the most dominant approach, with the majority of countries adopting or developing GPP (or SPP) NAPs, setting targets, establishing some priority product groups and criteria and in more advanced cases, stipulating mandatory requirements. Policy approaches integrating environmental objectives in public procurement generally date back longer, are far more elaborate, and are furnished with more supportive programs than those for socially responsible procurement or procurement promoting innovation. This coincides with the impulses given on the European level promoting the strategic use of environmental policy objectives. Not only is there more elaborate communication and guidance on GPP disseminated by the European Commission, but there are also specific mandatory provisions on GPP set out on the EU level. Correspondingly, GPP is the most prevalent of the three areas of other policy objectives, being addressed through policies in almost all Member States.

In terms of social responsibility objectives in procurement, a little more than half of the MS (17) refer to SRPP in some way.[51] Activities on regional and local level promoting SRPP are especially noteworthy and suggest that SRPP might follow a similar development as GPP, which started at national levels and below in the 1990's and is now more widely institutionalized at the national level. On the other hand, EU policies and other supporting initiatives also appear to be important drivers of GPP development, so SRPP development is also likely to depend on political will at the EU level.

As the least developed of the other policy objectives, public procurement promoting innovation has appeared prominently on EU and national agendas only recently. In that sense it is notable that over two thirds of the Member States address innovation procurement in some manner – often through individual programs – though typically without dedicated national policy strategies.[52]

In the absence of specific national policies in each area, a number of MS states take an integrated approach to promoting GPP, SRPP and PPPI. This also makes sense given the thematic overlaps between innovation procurement and social as well as environmental considerations.[53] At the same time, the synergies between GPP and PPPI are also evident and underlined by a number of Member States' approaches.

Finally, although statistics on the volume of national GPP budgets are scarce – even more so for SRPP and PPPI – and estimations are difficult, the increasing consideration of other policy objectives in public procurement is creating significant markets for sustainable products and services. Most notably, GPP/SPP spending as a result of national policies, targets and initiatives is high enough to exert an impact on the market in particular product groups, especially in the construction, transport and office IT sectors. As national targets become increasingly ambitious over time, the market impact is likely to increase further.

2.6.1 GPP

Taking into account the diversity of national approaches to integrating other policy objectives into public procurement, the consideration of environmental sustainability is particularly advanced, with all but two of the 30 Member States pursuing some form of GPP.[54] Notably, the majority of Member States (20) have adopted specific National Action Plans (NAPs) on GPP (or SPP) or are in the process of doing so. Although broader national sustainability policies incorporating environmental objectives through public procurement date back far in some cases, many Member States have been developing NAPs on GPP or SPP since 2005, as well as increasingly integrating sustainable public procurement into other sector strategies. At minimum, the vast majority of Member States allow public purchasers to take further considerations into account, in accordance with the EC public procurement Directives. However, a number of MS go beyond the common practice to mandate sustainability considerations in procurement, particularly in terms of GPP, and less frequently, SRPP. All but five Member

[51] Austria, Belgium, the Czech Republic, Germany, Denmark, Finland, France, Italy, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Slovakia, Spain, Sweden and the UK.

[52] The 21 countries are Austria, Belgium, Germany, Denmark, Estonia, Spain, Finland, Hungary, Iceland, Ireland, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovakia and the UK.

[53] Thematic overlaps of GPP and PPPI in, for example, the field of environmental technologies may not only result in reinforcing effects but also analytical confusion. The same goes SRPP and PPPI, which, for example, intersect in promoting small and medium-sized companies.

[54] Liechtenstein reports that it has no strategic or practical approach to other policy considerations in public procurement at all, while in Greece the only relevant policy (a GPP NAP) is currently under development.

States include obligatory elements in their national policies, typically in the form of mandatory targets for particular levels of government or authorities to achieve certain minimum levels of GPP in general or for specific product groups.

Complementing national policies, disseminative approaches by means of providing information, networking, training or incentives are also most widespread for promoting the implementation of environmental policy objectives in procurement. Activities addressing GPP (or SPP in general) are present in every country, even in cases where the national policy is still under development. Almost half of the Member States with strategic approaches to GPP/SPP also oblige federal or central government bodies in some way to integrate environmental and individual social policy objectives in procurement.

The prioritization of particular product groups and development of corresponding criteria for GPP – whether recommended or mandatory – is also very common and increasing throughout Europe, with 28 countries (all except for Greece and Liechtenstein) having adopted or planning to adopt priority product groups, and more than nine countries planning to introduce new groups. The EC GPP criteria and priority product groups commonly serve as the basis for this, particularly among the newer MS in Eastern Europe, though many countries extend their policies to further product groups and criteria.

While each MS takes a different approach to GPP, certain patterns can be identified and used to group countries according to the level of ambition and development of their strategic approach. Based on the research results outlined above, the following groupings distinguish the MS based on the existence, timing, elaborateness and targeted level of their various national policies, legal provisions, target setting and monitoring, priority product groups and criteria, as well supporting disseminative efforts.

Bulgaria, Estonia, Greece, Hungary, Ireland, Latvia, Liechtenstein and Luxembourg are characterized by the lowest level of policies integrating environmental considerations into public procurement. None of the countries have adopted targeted policies such as national action plans, and cannot compensate with significant initiatives in other areas. Within this group of countries, however, some distinctions can be made.

- In Greece no broader policy is in place and product groups are still under development.
- In Ireland a number of sector policies seek to integrate public procurement and a set of product groups is prioritized.

A second group of countries is formed by Cyprus, the Czech Republic, Iceland, Italy, Lithuania, Malta, Poland, Portugal, Slovakia, Slovenia, Spain and Romania, which all have NAPs in place or development on environmentally friendly procurement, though such approaches are mostly relatively recent, and efforts to support their implementation remain limited.

- NAPs in Malta (2010) and Slovenia (2009) were developed particularly recently, and are accompanied by few dissemination efforts on the national level.
- The Spanish NAP (2008) requires codes of good practices that were to be drafted by 2010 and also sets product group targets. A number of regional initiatives also promote the implementation of SPP.
- The Czech Republic, Cyprus, Lithuania and Portugal are not only comparatively more experienced than the former countries in terms of policy making; they also make use of mandatory environmental criteria for their central state-level authorities.
- In Poland a second NAP including targets was adopted in 2010, building on EC GPP criteria Set 1 and 2 recommendations, however, without any compulsory elements. Similarly, Slovakia's NAP from 2007 refers to the EC criteria, but applies general targets rather than compulsory elements.

- Italy has been engaged in GPP since 2003, promotes GPP for 19 product groups and requires public bodies to procure 30% of manufactured goods with environmental objectives in mind; additionally, Italy is engaged in a number of significant disseminative initiatives to implement GPP, especially on regional and local levels.
- Romania's Draft GPP NAP has not yet been adopted, and priority product groups are still in the planning stage, but sustainable development policy includes GPP and some significant disseminative activities provide training and information on GPP.

Austria, Belgium, Finland, France and Germany are particularly advanced on GPP, with well-established and elaborate approaches. Remarkably, all of them stipulate targets and/or make GPP mandatory in some way or another. Also, all of these Member States engage in integrating social and innovation policy objectives in procurement. Though advanced on GPP relative to most MS, Finland has somewhat less elaborate criteria development and disseminative initiatives for GPP than the other countries in this group (e.g. Finland's GPP product group database Hymonet, though extensive, is accessible only by paid subscription), and the only compulsory elements are mandatory targets for central government levels.

Finally, Denmark, the Netherlands, Norway, Sweden and the UK stand out most on GPP, with long-standing policies with compulsory elements, elaborate criteria schemes and institutionalized, proactive capacity-building efforts. Their approaches go beyond the advanced group in terms of communication, levels of support and the overall institutionalization of GPP. Beyond their comprehensive policy strategies, these countries are particularly distinguished as front-runners by their broad range of disseminative activities, which ensure that GPP is actively implemented in practice

2.6.2 SRPP

Socially responsible public procurement has not been found to be the sole subject of a targeted policy (such as an NAP) in any of the Member States, though an equivalent on the inter-ministerial level exists in France. However, there is a noticeable trend of GPP NAPs increasingly including aspects of SRPP (as in NAPs in Austria, Belgium, France, the Netherlands, Norway, Poland and the UK). Furthermore, broader policies in the Czech Republic, Denmark, Finland, Germany, Italy, Lithuania, Luxembourg and Slovakia (and also in Belgium, France, Poland and the UK) stipulate that social objectives are to be considered in public procurement. Thus, although lacking in targeted national policies, a majority of Member States are nonetheless engaged in some form of SRPP, and all of the countries ranked as advanced for their GPP approaches also address SRPP in some way or another. Considering that SRPP approaches are not as elaborate or institutionalized as those for GPP, however, it is difficult to make authoritative country groupings for SRPP.

Despite the relative lack of comprehensive national policies, social responsibility requirements are often mandated through national public procurement legislation, as well as promoted through regional and local level initiatives. Legal approaches to SRPP are present in ten Member States (Austria, the Czech Republic, Belgium, France, Germany, Italy, Slovakia, Spain, Sweden and Norway); in most cases, however, laws refer to highly specific considerations, the most prominent being the inclusion of people with disabilities and respect for labour rights (ILO core conventions). The implementation of SRPP in the Member States is also backed by a number of programs on the regional and local levels in Austria, Germany, Spain and France, for example, where such initiatives equip purchasers on the ground with specific criteria and tools for particular product groups.

Even Member States that follow integrated approaches to including social policy and/or innovation promotion objectives in their NAPs seldom if ever prioritize certain product groups. Among the few examples of product groups prioritized for SRPP are textiles, footwear, food and catering services, timber and timber products and cleaning services.

Specific social criteria to guide purchasing are provided on the national level in France and the Netherlands (the Dutch social clauses criteria developed in 2010 are not yet in use); Austria, Norway and Poland are currently developing such criteria, while guidance is provided for the local level in Germany. In other cases (e.g. Belgium and Denmark), social criteria are included in labels and certificates set out for GPP use.

General guidance activities on SRPP could also be identified in most of the aforementioned countries. Guidance is generally provided in the form of brochures and manuals (e.g. in the Czech Republic, Germany, Norway and Sweden); online information (e.g. in Lithuania and Denmark); and less frequently through trainings (France) or application tools (Norway and Denmark).

2.6.3 PPPI

As with SRPP, PPPI is not solely addressed by any specific national policy addressing innovation procurement, although Sweden is currently examining the merits of a PPPI NAP.

SPP NAPs in Austria, Belgium, Finland, Norway and Poland explicitly include innovation objectives; so do the GPP NAPs in Portugal and Sweden. Broader policies such as sustainable development or innovation and/or research strategies as well as environmental technologies strategies in 16 countries call for public procurement to drive innovation through public demand (Austria, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovakia, Spain and the UK). A legal approach, however, has only been taken in Portugal.

Eleven countries promote PPPI through dissemination activities of some sort including sporadic activities such as conferences (Austria, Denmark, Germany, Finland, Iceland, Ireland, Lithuania, the Netherlands, Norway, Sweden and the UK). While guidance documents are seldom provided on PPPI, conferences, networks and helpdesks are popular types of activities. In this context, especially Finland, Norway, the Netherlands and the UK stand out as front-runners, as they have put in place programmes for innovation procurement (e.g. SBIR in the Netherlands and the UK, FCP in the UK, OFU programme in Norway). Moreover, the two Nordic countries have professionalized PPPI by putting particular institutions in charge of supporting it; Sweden has similar plans.

Countries explicitly refer to product groups for innovation procurement even less often and systematically than for SRPP. Among the few examples of PPPI priority product groups are environmental and energy (efficiency) technology, renewable energies, office IT equipment, transport and construction. In general, PPPI approaches seem to be oriented more towards sectors than specific product groups (e.g. environmental technology, construction, health and defense/security).

As with SRPP, an authoritative grouping of countries in terms of PPPI is not feasible due to the relative lack of policies and initiatives, although Finland, Norway, the Netherlands and the UK stand out as relatively advanced in this area. Again, it is the advanced GPP Member States that are also most actively engaged in PPPI.

Table 15: Country overview

Country	National Action Plan (NAP)	Broader/sector policies (including SPP)	Targets * based on EU 50% target	Priority product groups	Mandatory criteria * based on EU GPP Sets 1 and 2 criteria	Disseminative initiatives	Monitoring * based on EU monitoring approach (monetary value & number of contracts)
Austria	SPP NAP (2010)	Energy Efficiency NAP; Environmental Technology	General government	19	Mandatory criteria*	Moderate	Monitoring system in place
Belgium	SPP NAP (2009)	Biodiversity	Central government*	18	Mandatory criteria*	Moderate	Limited monitoring in place (use of criteria in tenders); monitoring system planned
Bulgaria	GPP NAP under development	Environmental Strategy	No targets	10	Recommended criteria (planned)	Limited	Monitoring system planned
Cyprus	GPP NAP I (2007-2010); GPP NAP II (2011-2013)	Energy Efficiency NAP	No targets	12	Mandatory criteria*	Basic	Monitoring system in place
Czech Republic	Gov. Regulation (2000), GPP Rules (2010)	Environmental Policy; Sustainable Consumption and Production; Waste Management; Energy Management	Specific product groups	23	Mandatory criteria*	Basic	Limited monitoring in place (reporting on GPP levels); monitoring system planned*
Denmark	SPP NAP (1994); GPP NAP last update in 2008	Energy Efficiency; Chemicals; Green IT; Sustainable Transport; Eco-efficient Technology; CSR; Timber	General government*; Specific product groups	12	Mandatory criteria	Extensive	Limited monitoring in place (reporting on GPP levels)
Estonia	Draft GPP NAP 2006-2009; Draft GPP NAP 2010-2013	"Knowledge-based Estonia"; Growth & Jobs	Specific product groups	10	Planned*	Limited	Limited monitoring in place (use of criteria in tenders)

Finland	SPP NAP (2008), updated in 2009	Sustainable Economic Growth and Employment	Central government; specific product groups	20	Recommended criteria*	Moderate	Monitoring system planned
France	SPP NAP (2007-2009), planned update in 2011	Greening Public Administration; Sustainable Development; Tropical Forests NAP	Specific product groups	30	Recommended criteria*	Moderate	Monitoring system in place (use of criteria in tenders; specific product groups; reporting on GPP levels)
Germany	-	Energy & Climate NAP; Biodiversity; Renewable Resources NAP; CSR; Energy	Specific product groups	13	Mandatory criteria	Moderate	Monitoring system in place
Greece	GPP NAP under development	-	No targets	-	Planned	Limited	No monitoring system
Hungary	Draft GPP NAP (2007); 2nd Draft (2010)	Environmental Policy	Specific product groups*	6	Planned	Limited	No monitoring system
Iceland	Government Policy for Eco-Procurement, Action Plan (2009)	-	General government	3	Planned	Basic	Monitoring system planned
Ireland	GPP NAP under development	Renewed Programme for Gov; Energy Efficiency; Green Economy; Climate Change; Waste Resources; Transport; Smart Economy	Specific product groups	12	Planned	Limited	Monitoring system planned
Italy	GPP NAP (2008)	Environmental Strategy; Recycled material	General government	19	Recommended criteria	Basic	Monitoring system planned
Latvia	Draft GPP NAP 2009-2011	Environmental Policy NAP	General government*	8	Recommended criteria*	Limited	Monitoring system planned

Liechtenstein	-	-	No targets	-	-	-	-
Lithuania	GPP NAP (2007-2011)	CSR NAP	General government	15	Mandatory criteria	Basic	Monitoring system in place (reporting on GPP levels)
Luxembourg	-	Sustainable Development NAP; Climate Change NAP; ETAP; Waste Management; Sustainability NAP (draft)	No targets	4	Recommended criteria (planned)	Basic	Monitoring system in place (reporting on GPP levels)
Malta	GPP NAP (2010)	Reform Programme, Env. Theme; Sustainable Development (draft)	Specific product groups	16	Recommended criteria*	Basic	Limited monitoring in place (use of criteria in tenders)
Netherlands	Sustainable Development NAP (2003); SPP NAP (2007)	Reform Programme, Env. Theme; Sustainable Development (draft)	Central government*; Regional/local government; Specific sectors	52	Recommended criteria*	Extensive	Monitoring system in place (use of criteria in tenders; specific product groups)
Norway	GPP Programme (2005-2008); SPP NAP (2007-2010)	CSR	No targets	16	Mandatory criteria	Extensive	Limited monitoring in place; monitoring system planned
Poland	GPP NAP (2007-2009); SPP NAP (2010-2012)	CSR	General government	25	Recommended criteria*	Basic	Limited monitoring in place (reporting on GPP levels); monitoring system planned*
Portugal	GPP NAP 2008-2010 (2007), planned update for 2011-2013	Sustainable Development; Energy Efficiency NAP; Climate Change	General government*	10	Mandatory criteria	Basic	Monitoring system in place (use of criteria in tenders; reporting on GPP levels)
Romania	Draft GPP NAP (2007)	Sustainable Development	Specific product groups (draft)	8	Recommended criteria*	Basic	Monitoring system planned

Slovakia	GPP NAP (2007-2010)	CSR	Central government*	6	Recommended criteria*	Basic	Limited monitoring in place (use of criteria in tenders); monitoring system planned*
Slovenia	GPP NAP (2009)	Development Strategy; Reform Programme (Lisbon Strategy) ; Energy Efficiency NAP; GHG Emissions Reduction; Environmental Protection	Specific product groups*	10	Recommended criteria*	Limited	Limited monitoring in place; monitoring system planned*
Spain	GPP NAP (2008-2010)	Sustainable Development; Waste; Sustainable Economy Law (draft); Reform Programme	Specific product groups	8	Mandatory criteria*	Basic	Monitoring system in place (specific product groups)
Sweden	GPP NAP (2007-2009), planned update for 2011-2013	-	General government	10	Recommended criteria	Extensive	Monitoring system in place
UK	Sustainable Procurement Action Plan (2006); SPP NAP (2010)	Sustainable Development; Greening Gov ICT; Timber; Sustainable Farming and Food	Specific product groups	16	Mandatory criteria*	Extensive	Monitoring system in place (use of criteria in tenders)

3 Member States' experience in integrating other policy objectives in Public Procurement Practice

3.1 Introduction

Whereas Chapter 2 examines how Member States have adopted policy strategies, legal frameworks and dissemination initiatives to integrate GPP, SRPP and PPPI policy considerations into public procurement, Chapter 3 covers the actual adoption and implementation of these policies on the ground.

The results from the web survey are used to analyse how these other policy objectives are achieved through procurement by individual CAs. For this web survey 36,578 contracting authorities from the EU Member States and the three European Economic Area (EEA) countries Iceland, Liechtenstein and Norway were invited to participate, and 2,299 complete responses were received.[55]

The analysis focuses on the way these policies are implemented in the CAs' organization and procedures and how CAs incorporate the policy objectives in actual tender procedures. It attempts to find patterns and indicators that distinguish the front-runners.

Where appropriate, the results of interviews with procurement practitioners and suppliers and the results of the desk research in chapter 2 are used to interpret the results of the survey.

3.2 Awareness and uptake of procurement strategies

This chapter focuses on the awareness and uptake of other policies. In Chapter 2 the Member States' strategies and approaches to GPP, SRPP and PPPI were identified. However, it goes without saying that, even if a country has adopted a NAP or another strategy or approach to GPP, SRPP and PPPI, that does not necessarily mean that it is effective on the ground. The web survey and – to some extent – a number of interviews with procurement practitioners[56] will have to provide answers to questions about the awareness and adoption of the other policies. Do the results of the survey show that the CAs are aware of the NAPs? And have the policies consequently been implemented in the CAs' procurement practice and organization? The Member States have introduced GPP, SRPP and PPPI approaches at different times; some initiated GPP programmes before the turn of the millennium, others have done so only recently. Is this difference evident from the results of the survey and the interviews?

[55] Annex IV provides detailed information about the survey and the statistical considerations.

[56] See Annex VI Interview Transcriptions.

It can be assumed that the implementation of the policies in the CAs organization (the organizational uptake) requires some kind of incentive and support, for instance in the form of a NAP. Is this evident from the available data?

To find the answers to these questions, the data on the European and individual country levels have been analysed. The data used on the European level are stratified[57] data from all 30 Member States. The data used on the Member State level are data from the 22 Member States with a response rate ≥ 30.[58]

How often are GPP, SRPP and PPPI requirements addressed in CAs' tender documents (the tender uptake)? And to what extent did the GPP, SRPP and PPPI policy approaches and the organizational uptake of these policies contribute to this?

Can the organizational uptake of GPP, SRPP and PPPI policies be regarded as a precondition for the tender uptake? The actual use of other policy requirements in tender documents can be measured in two ways:

- the frequency with which these requirements are included in tender documents
- the share of contracts that include these requirements.

In this chapter these two rates are combined in a single indicator, namely, the relative usage rate. This usage rate is an indication of the extent of GPP, SRPP or PPPI in a Member State.

This usage rate will be determined for each of the three policies for the 22 Member States. The results of the analysis of each of the three policy areas will be combined in order to identify groups of countries with similar patterns. These patterns can be of use in evaluating policy options.

The following sections examine more closely the awareness of GPP, SRPP and PPPI NAPs and other policy approaches, the organizational uptake of the policy objectives, and the actual use of GPP-, SRPP- and PPPI-related requirements in the tender documents of the 22 Member States. Based on survey results, the awareness and uptake levels are calculated, and relations between the levels are analysed.

3.2.1 Awareness of NAPs and uptake of policies

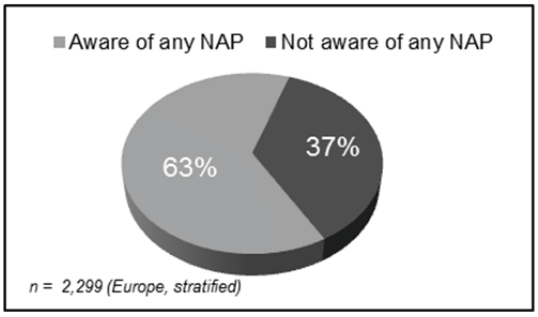


Figure 6: Awareness of GPP, SRPP or PPPI NAPs[59]

The results of Chapter 2 show that the 30 Member States investigated use different approaches to implement the other policy objectives. These approaches to GPP, SRPP and PPPI are often integrated to strengthen each other. To determine these different approaches and to find possible correlations, the awareness of any of the possible GPP, SRPP and PPPI NAPs and the uptake of these policies in the Member States are first calculated.

[57] See Annex IV Sampling considerations for the web survey.

[58] See Annex IV.

[59] Survey question 8: Are there any National Action Plans to stimulate the use of environmental and social requirements in public procurement or promoting innovation through public procurement?

The survey data show that – on the European level[60] – 63% of the responding CAs are aware of some kind of policy approach to GPP, SRPP or PPPI, and 70% of the CAs have implemented at least one of the GPP, SRPP and PPPI policy objectives in their procurement strategies, procedures, regulations or purchase conditions (see Figure 6). Of the responding CAs, 37% say there are no NAPs or that they don't know if there are any.

Given that some MS have only recently adopted specific approaches such as NAPs, or are still in the process of doing so, these high averages are impressive. The figures show that GPP, SRPP, and PPPI are implemented in the organizations – but not whether this is due to NAPs or other policies.

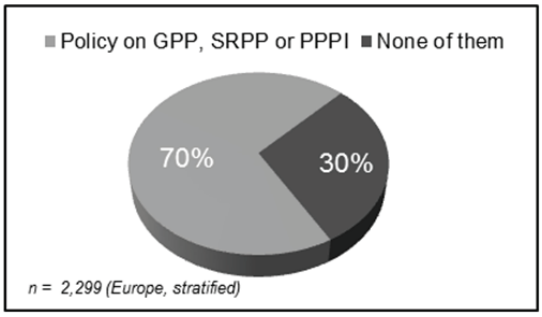


Figure 7: Organizational uptake of policies[61]

Nevertheless the differences between the Member States are considerable. Awareness of any of the NAPs ranges in the 22 Member States from 89% to 37%. The organizational uptake of any GPP, SRPP and PPPI policies in the MS ranges from 92% to 45%.

Figure 8 shows these differences. Impressively, some newer Member States have been more successful in introducing NAPs than some older ones. They have even been more successful in the organizational uptake of these policies, as Figure 7 shows.

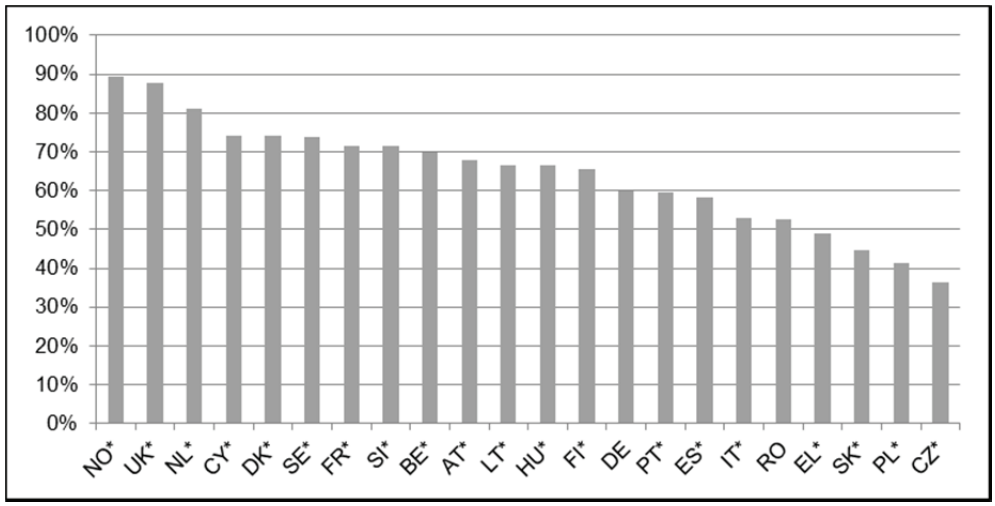
Remarkably, countries with advanced policies (see Chapter 2), like Finland and Germany, rate lower in their organizational uptake of the policies than countries like Cyprus, Hungary and France.

Figure 8 and Figure 9 give only an overall impression of the awareness and uptake of any of the policies. A more detailed analysis of GPP, SRPP and PPPI will be made in later sections of this chapter.

[60] The European level is the average of the adjusted (stratified) results from each of the Member States. For each Member State the actual results for a specific question in the survey are multiplied by a correcting factor based on the ratio of the population size of that Member State in the survey to the actual number of received responses. (see Annex IV, chapter 1 and 4).

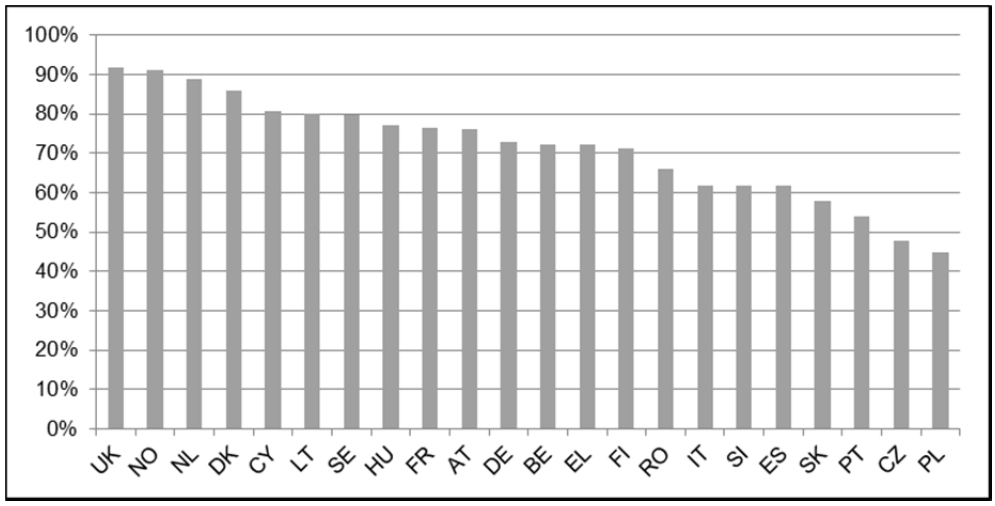
[61] Survey question 9: Has your organisation incorporated GPP, SRPP or PPPI policies in its procurement strategy, procurement regulations. procurement procedures and/or purchase conditions?

Figure 8: Awareness of NAPs by Member States



Note: *= country has a NAP.

Figure 9: Organizational uptake of policy objectives by Member States



3.2.2 Awareness and uptake of GPP approaches

To establish whether there is a relation between awareness of a NAP for GPP and the uptake of GPP policies, awareness levels and uptake levels first have to be determined.

3.2.2.1 Awareness of a NAP for GPP

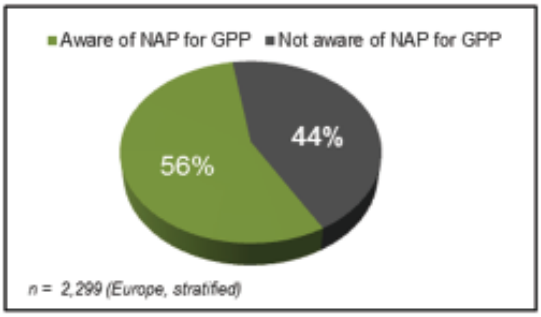
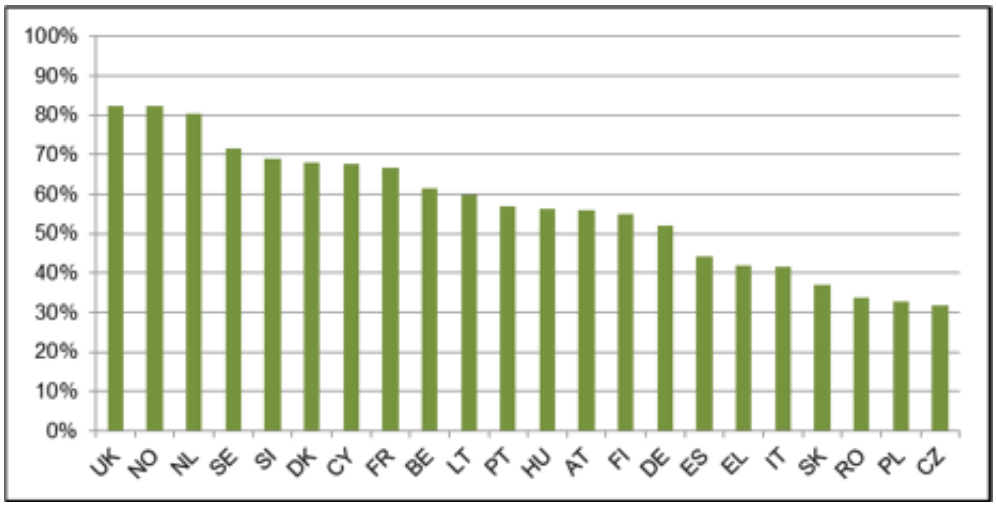


Figure 10: Awareness of NAP for GPP[62]

Of the CAs in Europe, 56% are aware of their country's NAP for GPP. The overall awareness of GPP is high given that in some MS the NAP has only recently been introduced.

On the Member State level the awareness of the NAP for GPP in the UK, Norway and the Netherlands ranges from 82% to 80%. In Sweden, Slovenia, Denmark, Cyprus, France, Belgium and Lithuania awareness ranges from 72% to 60%. These countries perform better than the European average.

Figure 11: Awareness of NAP for GPP by Member States



When these results are compared with the results of the desk research, it becomes clear that the countries that perform better can be divided into two groups: those with long-standing and elaborate approaches to GPP, and those that have adopted approaches relatively recently but with effective actions supporting implementation, like Slovenia, Cyprus, Lithuania and Hungary. No relation can be found with the date the NAPs were introduced. Some of the countries with elaborate policies like Finland and Germany rate below average. For Germany this may be because there is no official GPP NAP on the federal level, and GPP strategies on the sub-federal level differ considerably.

Still, 52% of the German respondents assume there is a NAP, possibly because there are Action Plans on the *Länder* and Kommunen levels. A number of German procurement practitioners that were interviewed indicated that all kinds of policy approaches and support actions drive GPP in Germany.

The correlation analysis shows that there is a relation between the awareness of a NAP for GPP and the GPP policy uptake: when a CA is aware of the NAP it will probably implement GPP in its procurement strategy, regulations, procedures or purchase conditions.

[62] Survey question 8: Are there any National Action Plans to stimulate the use of environmental and social requirements in public procurement or promoting innovation through public procurement?

In Belgium, Italy and the Netherlands negative correlations were found between the policy uptake and other (semi)public authorities. In the Netherlands and Belgium the approaches are, like in most other countries, mostly directed at the central, regional and local levels and less directed at the other (semi)public authorities. This is probably the explanation for this negative correlation. For the other countries the correlations are not significant and therefore no conclusions can be made for those countries.

3.2.2.2 Organizational uptake of GPP policies



Figure 12: Uptake of GPP policies[63]

The uptake rate indicates whether environmental policy objectives have been implemented in the CAs' procurement strategy, regulations, procedures or purchase conditions.

Of the European CAs 58% indicate that they have implemented GPP policy objectives. However, some of the 42% of CAs that have not implemented GPP policy objectives use GPP in their tenders. The GPP usage rate[64] for this group is 23%. The GPP usage rate for the group that has implemented GPP policies is 57%.

CAs that have implemented GPP policies in their procurement strategy *and* their regulations *and* their procedures *and* purchase conditions have a GPP usage rate of 69%; those that have implemented GPP in only one of these have a rate of only 50%. So a broad implementation of GPP is followed by a high usage rate.

The front-runners (see section 3.2.2.7) display the most intensive adoption of organizational policies on GPP. Compared with other countries the front-runners adopt mostly the "procurement strategy" followed by "procurement procedures". Other countries adopt mainly "procurement procedures" and "purchase conditions" and display a lower level of intensity than the front-runners.

On the Member State level, the uptake of GPP policy objectives in 12 Member States is above 58%; these Member States perform better than the European average. Again, the countries that perform better can be divided into two groups: those with long-standing and elaborate approaches to GPP[65] and those that have adopted approaches relatively recently but with effective implementation supporting actions, like Cyprus, Lithuania and Hungary.[66] The organizational uptake of GPP policies in Germany is above average even though there is no NAP. It has decided to integrate public procurement as a means of achieving other policy objectives into the other political programmes like the Integrated Energy and Climate Programme, the National Strategy on Biodiversity and the Action Plan on the Utilization of Renewable Resources.

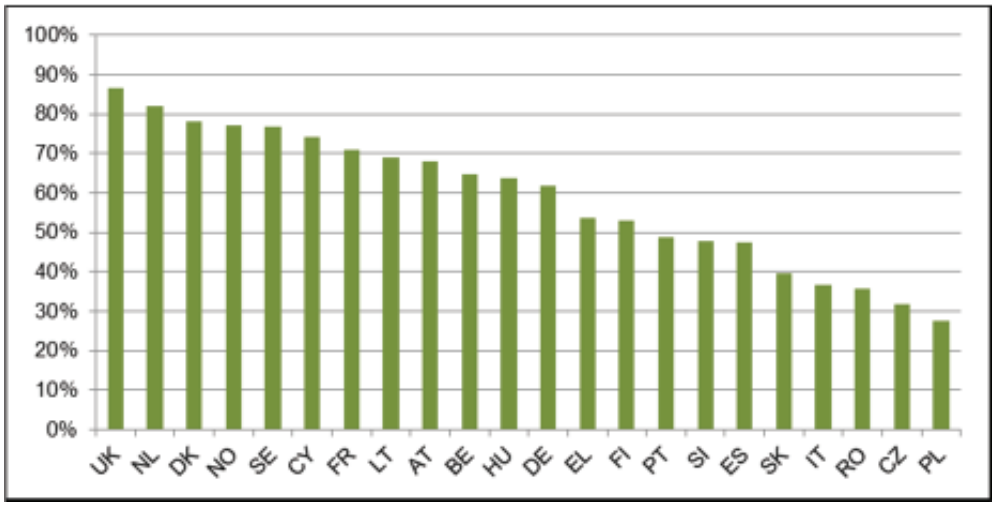
[63] Survey question 9: Has your organisation incorporated one of the following procurement policies in its procurement strategy, procurement regulations, procurement procedures and/or purchase conditions?

[64] See footnote 78.

[65] Except Finland. See section 2.6.1. It has less elaborate GPP criteria development and dissemination initiatives.

[66] Cyprus, Lithuania are not only comparatively more experienced then several other countries in terms of policy making; they also make use of mandatory environmental criteria for their central state-level authorities. (see section 2.6.1) Their awareness levels are above average (see section 3.2.3.1)

Figure 13: Uptake of GPP policies by Member States



3.2.2.3 Use of environmental management systems

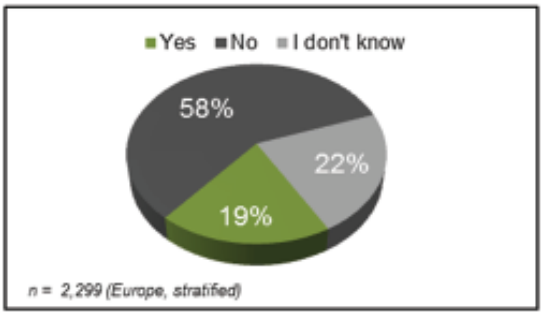


Figure 14: CAs with an EMS[67]

The CAs were asked if they knew whether their organization had an environmental management system (EMS). This question is relevant because having an EMS might have a bearing on an organization's uptake of GPP policies.

Of the CAs, 19% indicate that their organization has an EMS in place.

Thirteen Member States rate above this European average, with Spain, Slovenia, Austria, the UK, Lithuania, Finland and Portugal leading with levels above 30%.

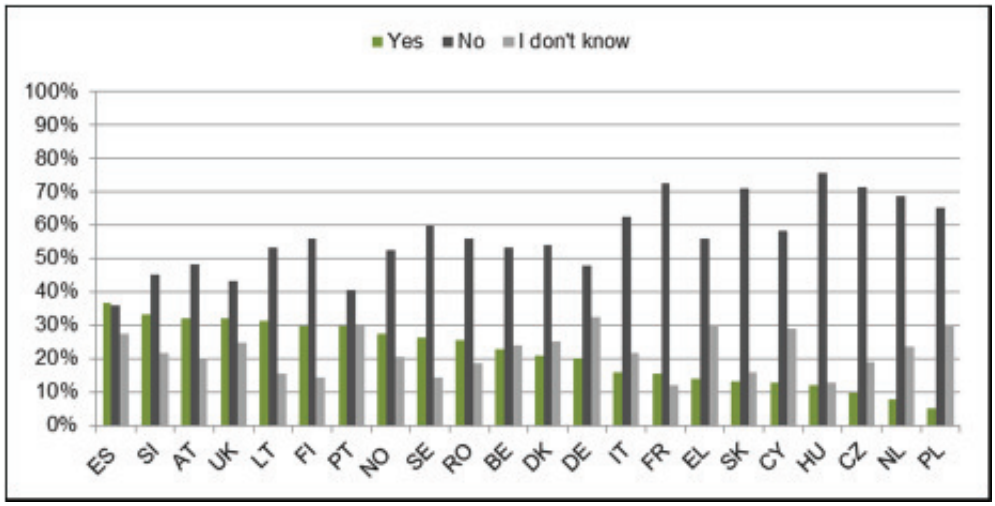
The TAKE-5 study[68] showed higher rates. In 2006 33% of the Green-7 CAs had an EMS in place. This higher rate could reflect the fact that the target group for the TAKE-5 survey consisted of about 50% purchasers and 50% environmental coordinators. These environmental coordinators are more likely to be aware of the CA's organization's EMS.

Correlation analysis reveals no relation between the use of an EMS and the way a CA addresses GPP in tender documents. There is, however, a relation between the use of an EMS and the organizational uptake of GPP policies. This may mean that the uptake of GPP policy objectives did lead to the implementation of an EMS.

[67] Survey question 10: Does your organisation have an environmental management system (EMS) in place?

[68] See TAKE 5 study: Green Public Procurement in Europe 2006 – Conclusions and recommendations. Virage Milieu & Management bv, Korte Spaarne 31, 2011 AJ Haarlem, the Netherlands

Figure 15: CAs with an EMS, by Member States



3.2.2.4 Use of environmental requirements in tender documents

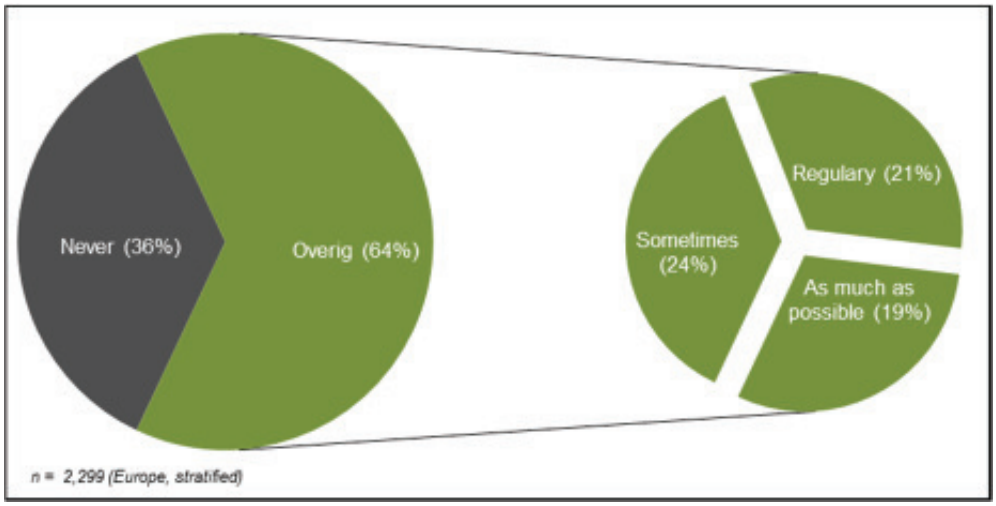
Do the awareness of a NAP for GPP and the organizational uptake of GPP policies necessarily result in a CA including GPP objectives in its tender documents? To answer this question the survey asked CAs about the frequency with which they included GPP objectives in tender documents[69] and about the share of contracts that included GPP objectives.[70]

The overall use of GPP requirements has reached a high level; 64% of the CAs indicate that they use GPP objectives in their tender documents; 19% of the CAs indicate that they do this as much as possible; and 21% say that they do so regularly (Figure 16). This means that the organizational uptake of GPP policies has been followed by a serious use of GPP requirements in procurement practice.

[69] Survey question 15: How often do you include environmental requirements in your tender documents?

[70] Survey question 16: What is the share of contracts with an environmental requirement in your purchasing volume?

Figure 16: Use of environmental requirements in tender documents[71]



The 36% that never use GPP objectives include the 34% of respondents that say they never consider any environmental, social or innovation policy goals.

Thirteen of the Member States perform above the European average, including Lithuania, Slovakia, Hungary and Romania as runners-up. However, the figures should be approached with caution: for some countries, like for instance Romania, the results from the survey don't match the results from the desk research. Perhaps socially desirable answers are given to the survey questions, giving rise to a bias.

Most of the countries that were identified in the TAKE-5 study[72] as leaders (Denmark, Finland, Germany, Netherlands, Sweden and the UK) are still performing above average with regard to the use of GPP in tenders.

In general there is a relation between the organizational uptake of GPP policies and the tender uptake: when a CA has implemented GPP policies in its organization it will probably include GPP requirements in tender documents.

These correlations were expected, and the correlation analysis confirmed this hypothesis.

On the member state level a number of country specific relations were found. In Belgium a correlation[73] was found between the tender uptake and regional governments. The Belgian regions have ambitious GPP action plans, which may explain the correlation. In Denmark, Italy, Sweden and the UK a negative relation with the tender uptake of GPP when CAs make limited use of framework contracts (0 – 25%).[74] This correlation is interesting but no clear explanation has yet been found. A possible reason is that it is easier for a CA to include GPP requirements in framework contracts. In section 3.3.5, it is concluded that one of the main reasons for not integrating GPP objectives in tenders is that end users don't want it. In

[71] Survey question 13: Do you consider policy goals with regard to the environment, social/ethical responsibility and/or the promotion of innovation in your purchasing?

[72] See TAKE 5 study: Green Public Procurement in Europe 2006 – Conclusions and recommendations. Virage Milieu & Management bv, Korte Spaarne 31, 2011 AJ Haarlem, the Netherlands

[73] See Annex IV.

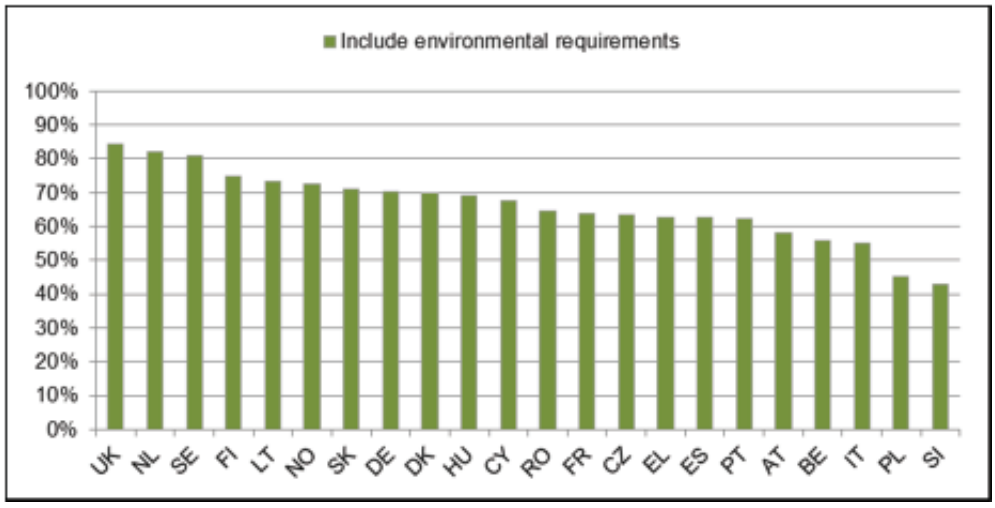
[74] The use of framework contracts by a CA is addressed in survey question 6: "What is the share of contracts as part of your total procurement budget? (0%-25%, 25%-50%, 50%-75%, 75%-100%)"

framework contracts often the demands of several end users are aggregated and they will have probably less influence on the specifications.

Denmark has implemented strong environmental requirements in central government framework agreements for 20 product groups. Their use is mandatory for central authorities. Regions and municipalities can make use of the framework agreements on a voluntary basis. When CAs make limited use of these framework agreements, for instance when they procure mostly bespoke software or works, the possibilities to apply GPP criteria are limited and therefore these CAs have a low tender uptake.

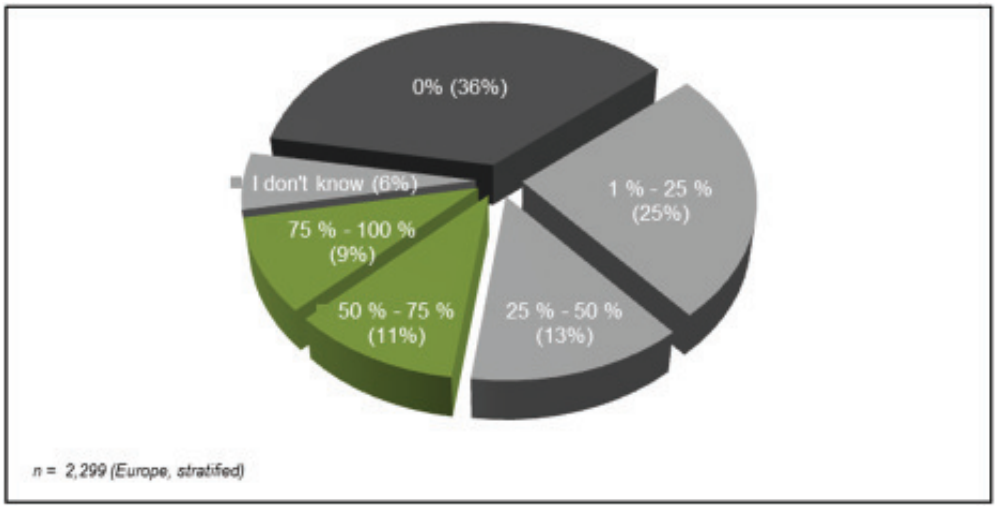
In all countries, including Denmark, Italy, Sweden and the UK, there is a positive relation between the use of framework contracts and tender uptake: when more than 25% of the procurement budget of CAs consist of framework contracts these CAs will also use more GPP in the tenders.

Figure 17: Use of GPP requirements in tender documents by Member States



3.2.2.5 Share of contracts with environmental requirements

Figure 18: Share of contracts with GPP requirements[75]



Another way to measure the use of GPP requirements is through the share of contracts in which GPP requirements are included. The high level of use of GPP requirements is reflected in the average share of contracts: 20% of the CAs indicate that between 50% and 100% of their contracts include GPP requirements.

On the country level the differences between the Member States are considerable. In Norway, Sweden and the Netherlands over 40% of the CAs include GPP requirements in 50% to 100% of contracts.

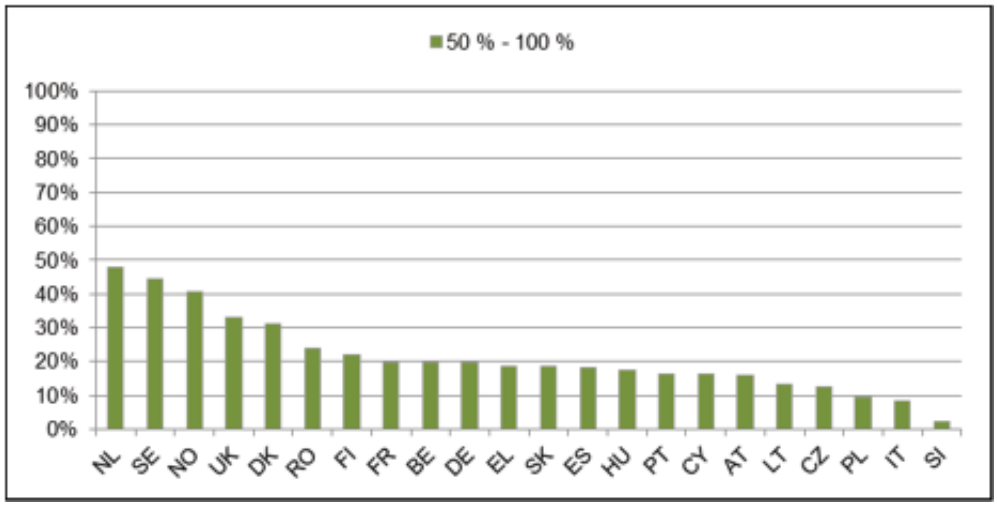
Using the 50% to 100% share of contracts as an indicator of relative performance not only gives a good insight into the differences between the MS, as shown in Figure 20, but also is a way to link the share of contracts with the recommended EC target of 50% GPP in 2010.

Not all countries that were identified in the TAKE-5 study[76] as leaders have contract shares above the European average of 20% (see Figure 19); in Germany (19.6%) and Austria (16%) the contract shares are below average. The interviews with German purchasers – though not representative – support this; most purchasers indicated a share of less than 50%. The interviews with the Austrian procurers painted a more mixed picture; some of them indicated shares of between 50% and 100%. The interviews didn't provide an explanation for the low average contract share in Austria that was found in the survey.

[75] Survey question 16: What is the share of contracts with environmental requirements in your purchasing volume?

[76] See TAKE 5 study: Green Public Procurement in Europe 2006 – Conclusions and recommendations. Virage Milieu & Management bv, Korte Spaarne 31, 2011 AJ Haarlem, the Netherlands

Figure 19: Share of contracts with GPP requirements by Member States



3.2.2.6 Awareness, organizational uptake and tender uptake of GPP policies compared

A comparison of the awareness level and the organizational uptake level of GPP policy in Europe (Figure 20) shows that the awareness level of 56% is slightly lower than the uptake level, which is 58%.

Figure 20 suggests that there is a relation between the awareness and the uptake of GPP policies. A correlation is indeed found (see Annex IV, Correlations).



Figure 20: Awareness vs. organizational uptake of GPP policies

A pattern can be observed when awareness and uptake levels of the MS are compared. In general the uptake level is about as high as the awareness level: When the awareness is high, the organizational uptake is also high; and when the awareness is low the uptake is also low.

At the same time in most Member States the number of CAs applying at least one kind of organizational policy (procurement strategy, procurement regulations, procurement procedures, purchase conditions) is a little higher than the number indicating awareness, while the number adopting two organizational policies is generally lower than the number indicating awareness.

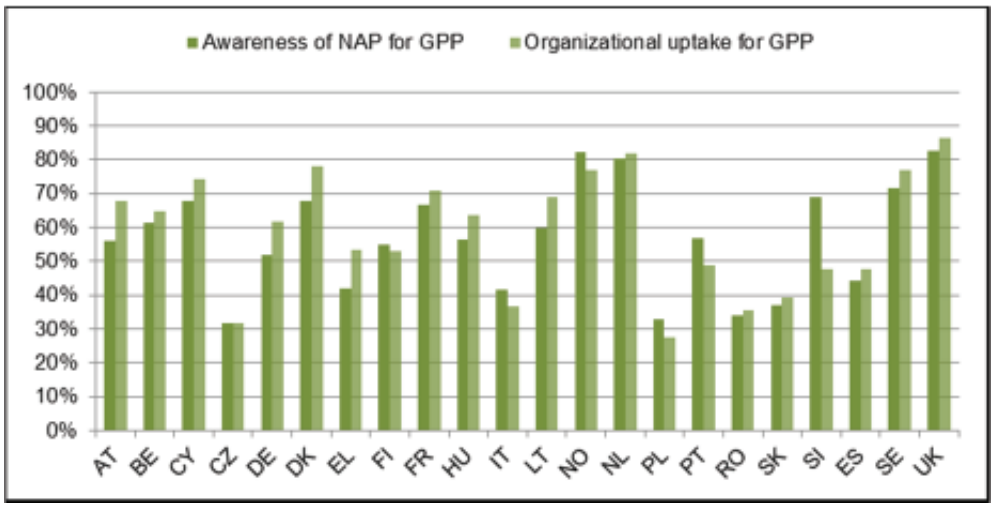
A different pattern is found in some countries, like for instance Finland, Italy, Norway, Poland, Portugal and Slovenia, where the awareness level is higher than the uptake level. For Norway this may be caused by effective communication efforts for the NAP[77]. Italy, Poland, Portugal and Slovenia have adopted approaches relatively recently, and it can be assumed that the high awareness reflects the active promotion of NAPs at the present time. At the same time, due to the recent adoption, the organizational uptake will be lagging behind. In

[77] See section 2.2.3.

Poland the NAP document is quite elaborate; and an integrated approach to SPP is followed. However, the dissemination of criteria is in the early stages of development.

An unusual case is Slovenia, where the difference between the two rates is 45%. This reflects the massive number of recent actions with regard to GPP, causing awareness to lead the uptake. In Finland, despite all other efforts, there is probably no incentive for organizational uptake: the level of support appears to be low; and CAs need to acquire a subscription to the criteria database, which is not free of charge. In Portugal the approach to GPP on the central government level focuses on procurement. GPP is obligatory on the governmental level but limited to certain product groups.

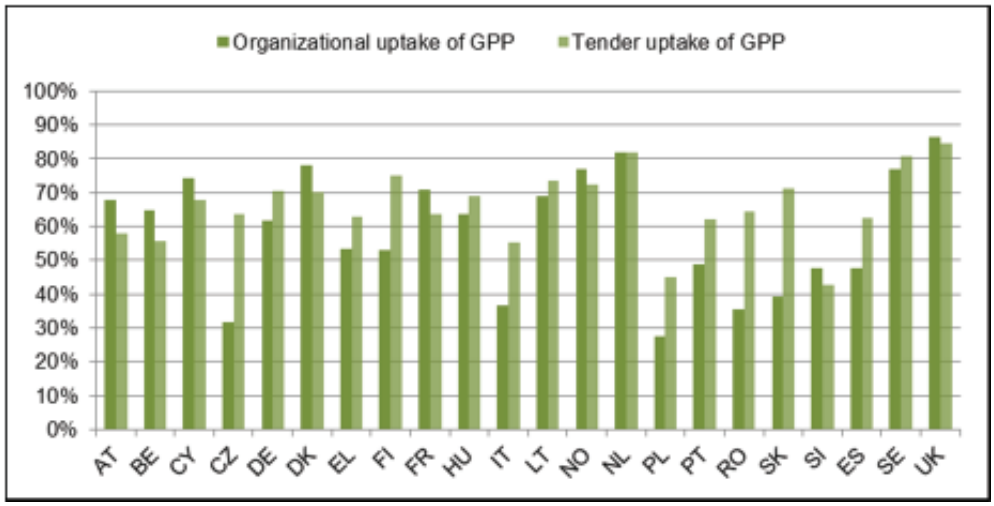
Figure 21: Awareness vs. organizational uptake of GPP policies by Member States



A likely explanation for the fact that uptake rates are in general higher than the awareness rates is that the survey asked about the awareness only of a National Action Plan and not of other approaches, programmes or dissemination activities. A NAP is often accompanied by a number of other initiatives and action plans. It is probable that such combined actions, not just GPP NAPs, have caused the CAs to implement the GPP objectives in their procurement practices. The expert interviews support this: The experts name many different drivers for GPP but rarely include the NAP among them. Another reason could be that in some countries GPP has for some time been practised and supported by broad policies and dissemination actions, leading to organizational uptake of the GPP policies, while specific NAPs have been introduced only recently, following the EC's recommendations. When the organizational uptake and the tender uptake of the countries are compared, a similar pattern can be observed, as shown in the comparison of awareness and the organizational uptake (see Figure 21). On average the tender uptake is higher than the organizational uptake (64% vs. 58%).

In the MS taken together, the organizational uptake level is in general about as high as the tender uptake level: when the organizational uptake is high, the tender uptake is also high; and when the organizational uptake is low the tender uptake is also low. However, the relative differences are greater; in some MS the tender uptake is > 35% higher than the organizational uptake. This is for instance the case in the Czech Republic, Poland, Romania and Slovakia. This phenomenon has no clear explanation; it could be a bias caused by "politically correct" answers or by the use of the policies in the tender process before the new policies are adopted in the CAs' procurement strategy, regulations, procedures or purchase conditions.

Figure 22: Organizational uptake vs. tender uptake by Member States



3.2.2.7 Relative GPP usage rates

The indicators selected in the survey for the use of GPP in tenders are the frequency of use of GPP requirements and the share of contracts that include GPP requirements. To determine how Member States perform in terms of both these indicators, the GPP usage rate is introduced. It integrates the data presented in Figure 17 and Figure 19.[78]

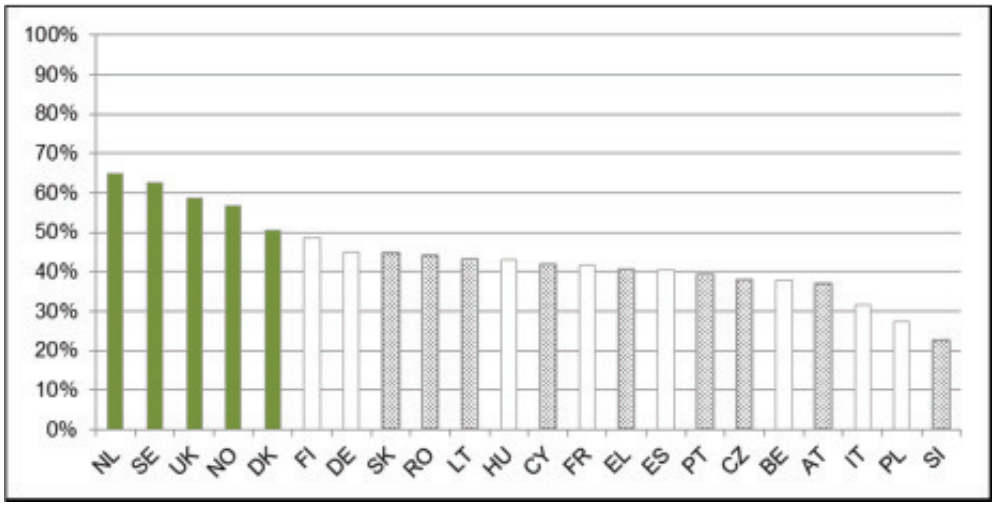
Figure 23 presents the GPP usage rates for 22 Member States. Five countries – the Netherlands, Sweden, the UK, Norway and Denmark – have a GPP usage rate of above 50%. They are clearly the front-runners with respect to the uptake of GPP in tendering. These countries are also leading with regard to awareness of a NAP and with regard to the organizational uptake of the policies. This shows that there is a relation between the tender uptake, the policy uptake and awareness. When in such a country awareness of a CA is high, most probably the organizational uptake and tender uptake will also be high.

The GPP targets of the GPP front-runners and the countries that follow the front-runners closely – namely Finland, Germany – are set for product groups, except for the Netherlands, where they have targets for each government level, Norway where no targets have been formulated and Sweden were more qualitative targets have been defined. The other countries have a mix of product group targets, general and government level targets.

.

[78] The GPP usage rate is defined as the sum of the percentage use of GPP requirements and the percentage share of contract ≥ 50% divided by 2. A GPP usage rate of 100% would therefore indicate that in the Member State all CAs use GPP requirements in their tenders and that their share of contracts is between 50% and 100%.

Figure 23: Relative GPP usage rates by Member States



Note: The dotted bars indicate that the response of these countries is ≥ 30 responses with a margin of error ≥10%.

While awareness of GPP and the organizational uptake of GPP are slightly below average in Austria, its GPP usage rate is low, but the margin of error should be taken in to account here. This reflects the very low share of contracts. In section 3.2.2.5 reference was made to interviews with Austrian experts. It was not possible to find an explanation for this low share, even though some of the experts indicated a share of contracts of between 50% and 100%.

3.2.3 Awareness and uptake of SRPP approaches

The relation between awareness of a NAP for SRPP and the uptake of SRPP policies is determined in the same way as for GPP: first the awareness and uptake levels are calculated and then the levels are compared.

3.2.3.1 Awareness of NAP for SRPP

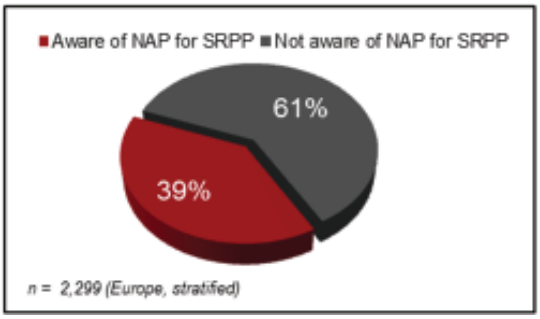


Figure 24: Awareness of NAP for SRPP[79]

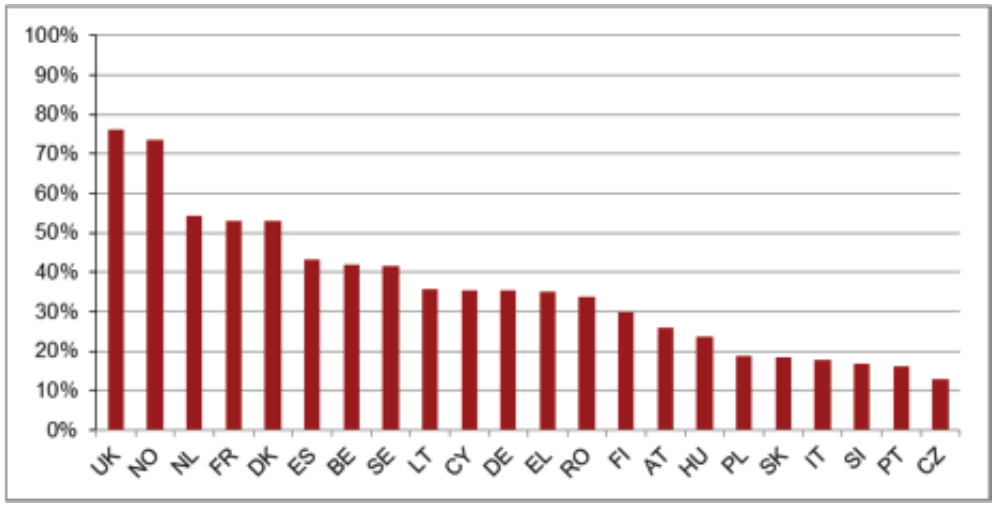
Although no real NAPs for SRPP exist, 39% of the respondents think that there is such a NAP. However, SRPP is addressed in 10 countries, sometimes as an integral part of a NAP for GPP, sometimes as a specific approach. This response can therefore be interpreted only as an indication of the respondents' awareness of other initiatives, broader policies or even more local programmes. A similar response has been observed for the awareness of a NAP for GPP in Germany, where there is no NAP for GPP but 52% of the respondents indicated that they

[79] Survey question 8: Are there any National Action Plans to stimulate the use of environmental and social requirements in public procurement or promoting innovation through public procurement?

were aware of one. Most experts that were interviewed maintained that the drivers for SRPP were broader policies and regional and local programmes and initiatives.

The results on the Member State level show that the UK, Norway, the Netherlands, France, Denmark, Spain and Belgium perform better than the Europe average. Awareness of a NAP for SRPP – that is, awareness of broader policies and regional and local programmes and initiatives for SRPP – is above 70% in the UK and Norway; the Netherlands, France and Denmark have an awareness rate of between 55% and 50%. Denmark provides active support for SRPP. In the Netherlands and France there are many activities on the regional and local levels.

Figure 25: Awareness of a NAP for SRPP by Member States



3.2.3.2 Organizational uptake of SRPP policies

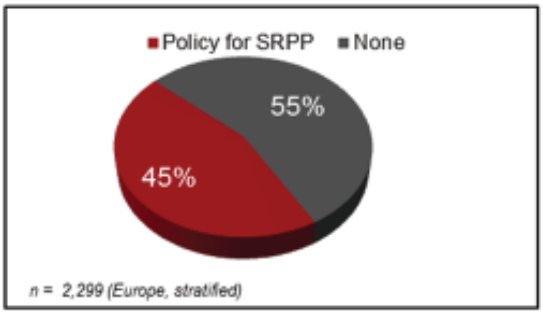


Figure 26: Organizational uptake of SRPP policies[80]

The organizational uptake rates indicate whether SRPP policies have been implemented in the CAs' procurement strategy, regulations, procedures or purchase conditions. Of the CAs, 45% say that they have implemented SRPP policy objectives. With a view on the fact that SRPP is not found to be the sole subject of a targeted policy and that only in a number of countries (Austria, Belgium, France, the Netherlands, Norway, Poland and the UK) it is integrated in the GPP NAP this is a high level compared with the organizational uptake of GPP that is 58%.

Although 55% of the CAs indicate that they haven't implemented SRPP policy objectives, they do use SRPP requirements in their tenders. The SRPP usage rate[81] for this group is

[80] Survey question 9: Has your organisation incorporated one of the following procurement policies in its procurement strategy, procurement regulations, procurement procedures and/or purchase conditions?

[81] See footnote 86.

17%, meaning that they do use SRPP objectives and that more that 50% of their tenders do include SRPP requirements. This is not surprising, since SRPP is often part of GPP policies and may not be implemented as a separate policy.

The adoption of organizational policies for SRPP is mostly the same as for GPP; the only difference is that the "procurement strategy" and the "procurement procedures" have equal shares in the front-runners' organizational policies.

CAs that have implemented SRPP policies in their procurement strategy *and* their regulations *and* their procedures *and* purchase conditions have a SRPP usage rate of 59%; those that have implemented SRPP in only one of these have a rate of only 44%. So a broader organizational implementation of SRPP is followed by a higher usage rate. The average SRPP usage rate for these CAs is 49%.

Central authorities have implemented SRPP slightly more often in their organizations than local authorities (46% vs. 42%). The difference is, however, so small and insignificant that no real explanation for it can be found.

It was expected that the local authorities would have implemented SRPP much more than central authorities. In a number of countries regional and local level initiatives promote SRPP (for example, in Austria, France, Germany and Italy). In Sweden strong regional and local activities were reported and a need to harmonize these on the national level. Nevertheless the results from the survey show that there is no real difference.

On the MS level, the uptake of SRPP objectives is above 45% in nine Member States; they perform better than the European average.

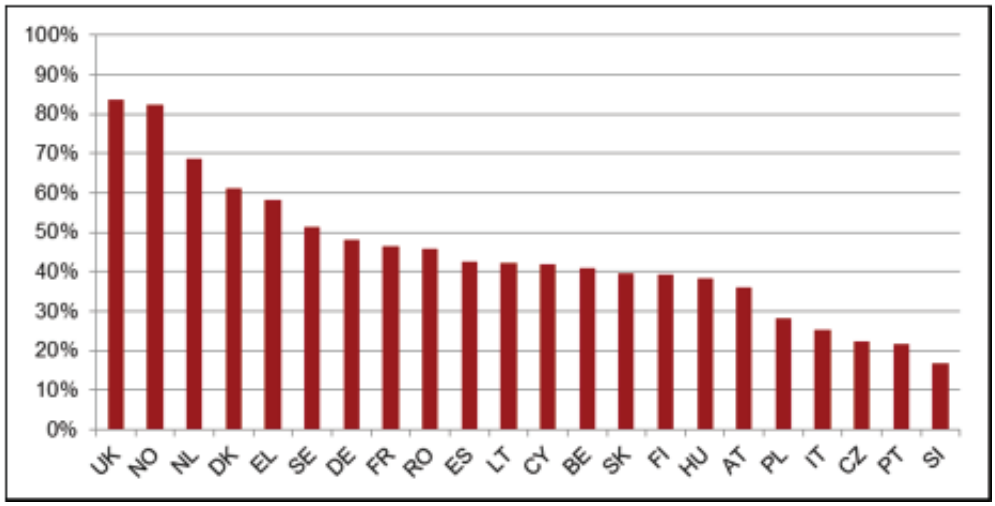
The correlation analysis made it clear that there are relations between awareness and the organizational uptake, between awareness and the tender uptake, and between the organizational uptake and the tender uptake. So when a CA is aware of broader SRPP policies, one way or another it will probably implement the policies in its organization and use SRPP in its tender documents. This pattern of relations also exists in the case of GPP policies.

Not only is this pattern of relations similar, there are also a link between the implementation of GPP policies and that of SRPP policies. A significant relation was found between the organizational uptake levels of GPP and SRPP. This matches the results from the desk research, namely, that SRPP is often integrated in the GPP NAP or that other, broader SPP approaches do exist. This is probably the main explanation for the observed correlations.

A number of specific correlations exist in some Member States.

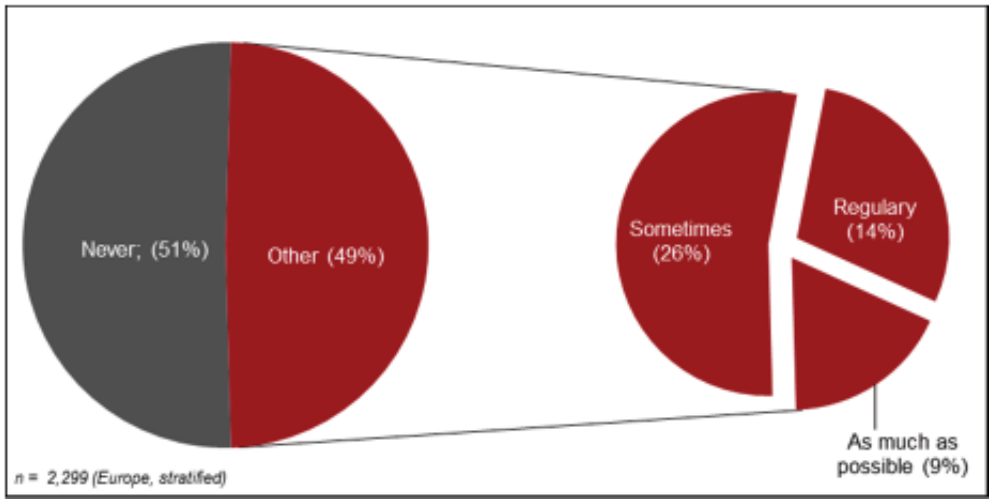
In a number of countries there is a relation between on the one hand policy uptake and tender uptake, on the other hand centrally organized procurement functions of CAs. This is the case in Denmark, Spain and the UK. Possibly the uptake of SRPP is better safeguarded in centrally organized CAs. The procurement functions of local authorities are on average 68.5% centrally organized, and the averages of Denmark, Spain and the UK are not significantly different.

Figure 27: Organizational uptake of SRPP policies by Member States



3.2.3.3 Use of SRPP requirements in tender documents

Figure 28: Use of SRPP requirements in tender documents[82]



The previous two subsections addressed the awareness of NAPs for SRPP and the organizational uptake of SRPP objectives. To establish whether these factors have provided an incentive for the CAs to address SRPP objectives in their tender documents, the survey asked how often SRPP requirements were used in tenders and what share of contracts did include SRPP requirements.

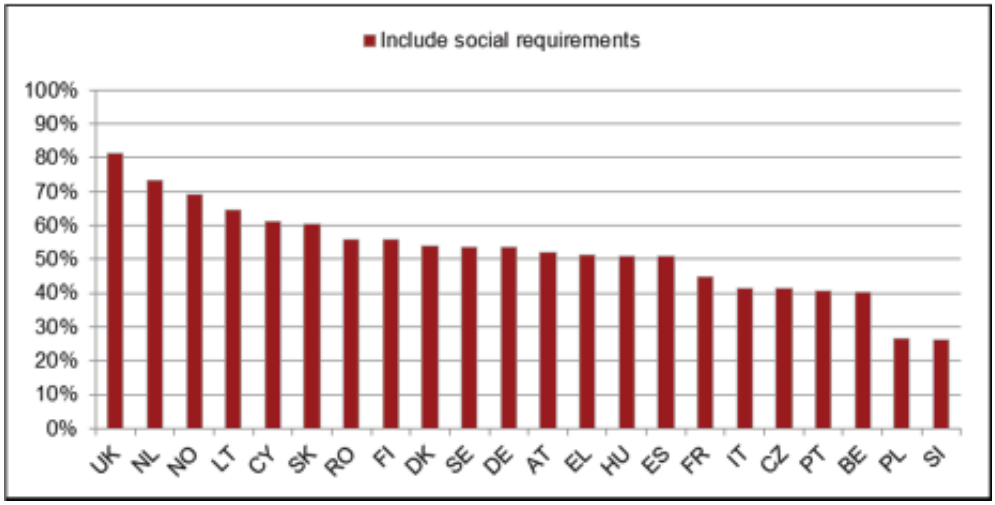
On the European level 49% of the CAs include SRPP requirements in their tender documents; 9% indicate that they want to do this as much as possible; and 14% indicate that they

[82] Survey question 20: How often do you include social responsibility/ethical requirements in your tender documents?

do so regularly. These levels are higher than expected when one realizes that the SRPP policies are not as well developed as the GPP policies.[83]

On the Member State level, the UK, the Netherlands, Norway, Lithuania, Cyprus, Slovakia, Romania, Finland, Denmark, Sweden, Germany, Austria, Greece, Hungary and Spain perform above average.

Figure 29: Use of SRPP requirements in tender documents by Member States



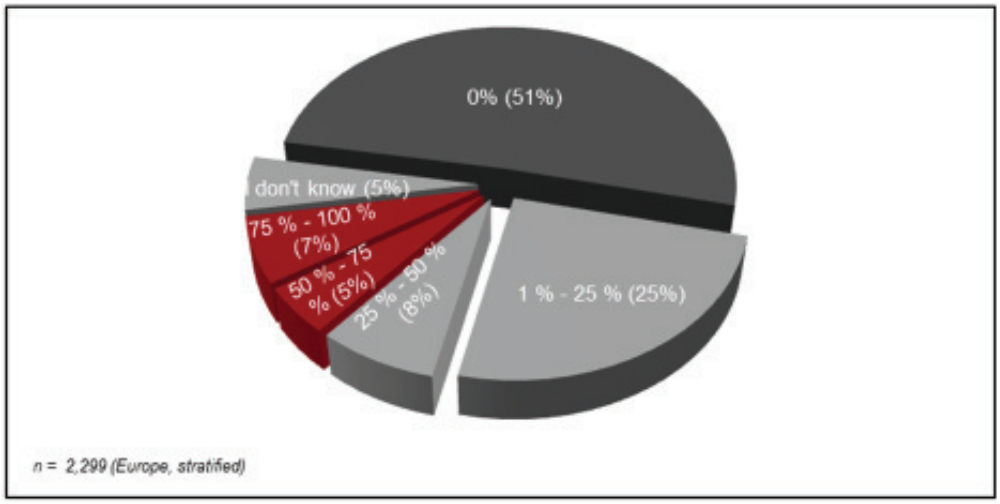
As concluded from the desk research in Chapter 2, Austria, Denmark, France, Norway and the UK explicitly include social aspects in procurement policy and provide support for implementation. France and Norway have, in addition, adopted a legal approach and tools to support it.

Austria, Denmark, Norway and the UK perform above average, but France is performing unexpectedly below average, perhaps because the approach is mostly directed at the central authorities.

[83] The 51% that indicate that they never use SRPP objectives in tenders include the 34% that indicate that they never consider GPP, SRPP or PPPI objectives.

3.2.3.4 Share of contracts with SRPP requirements

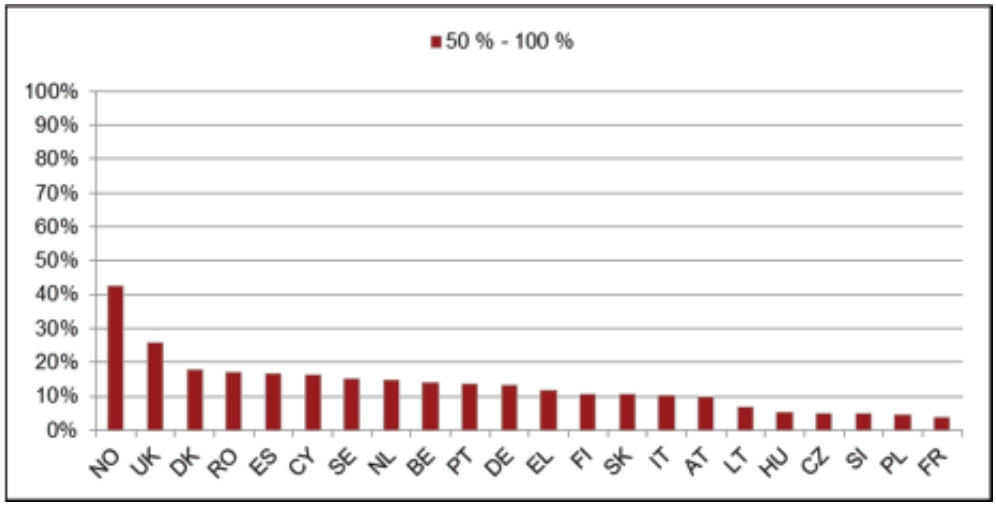
Figure 30: Share of contracts with SRPP requirements[84]



Together with the use of SRPP requirements, the share of contracts with SRPP requirements is an indication of the way CAs actually use the policies in their procurement practice. On the European level 51% of the CAs indicate that they don't consider SRPP requirements in contracts, 33% indicate that they use them in 1–50% of contracts, and 12% indicate a share of 50–100%.

Using the 50% to 100% share of contracts as an indicator of the relative performance gives a good insight in the differences between the MS, as shown in Figure 26, and makes it possible to compare the SRPP performance with the GPP performance.

Figure 31: Share of contracts with SRPP requirements by Member States



On the country level, again the differences are considerable. Of the countries with shares of contracts between 50% and 100%, in Norway 43% and the UK 26% of the CAs have shares

[84] Survey question 21: What is the share of contracts with socially responsibility requirements in your purchasing volume?

of contracts of between 50% and 100%. In total 12 Member States perform above the European average.

It is no surprise that the share of contracts is low in Finland. That country gives little strategic support for SRPP, as is concluded in Chapter 2. The below-average share of contracts and the below-average organizational uptake may result from this lack of support. A similar situation is found in France. Although awareness is above average, the organizational uptake and the tender uptake are below average. Specifically, the share of contracts is the lowest of all 22 Member States. This result was not expected, since France has adopted a strong approach to SRPP and has integrated it with GPP.

The fact that this approach is directed mainly at the central government level is not an explanation, since central, regional and local authorities have a comparable low tender uptake. The framing of SRPP in the tenders in France has a strong emphasis on the use of award criteria and professional and technical abilities of the supplier, specifically on the promotion of employment opportunities, social employment organisations and supporting social inclusion. This can possibly lead to a low tender uptake since these requirements cannot be used in all product groups.

3.2.3.5 Awareness, organizational uptake and tender uptake of SRPP policies compared

When awareness of NAPs for SRPP and the uptake of SRPP policies on the European level are compared, we find that the awareness level is 39% and the uptake of SRPP policies is 45%. Figure 32 suggests that there is a relation between awareness and the uptake of SRPP policies. And indeed, there is a correlation between the awareness of respondents of a NAP for SRPP and the SRPP policy uptake within the respondents' organizations (for details, see Annex IV Correlations).



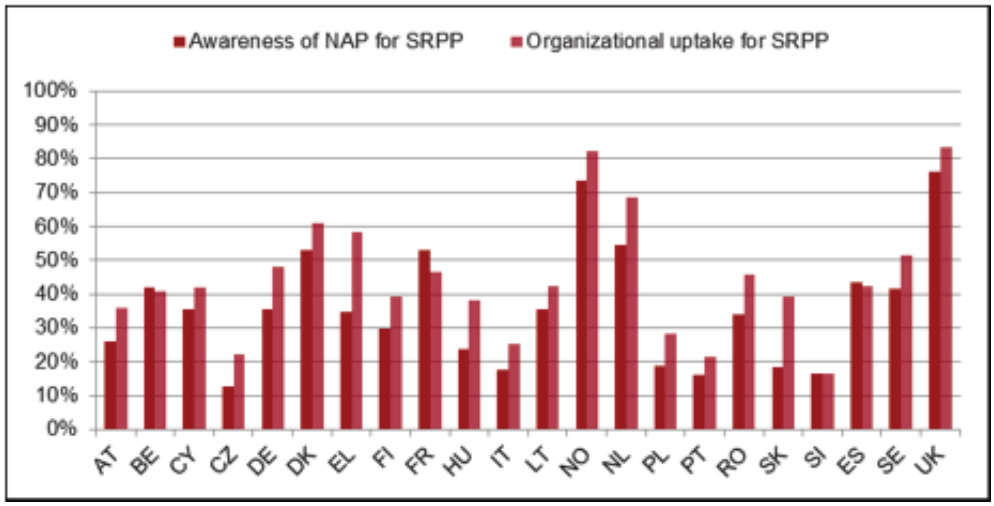
Figure 32: Awareness vs. organizational uptake of SRPP Policies

A pattern can be observed when awareness and organizational uptake on the Member State level are compared (see Figure 33). In general the organizational uptake level is nearly the same as the awareness level. The uptake is usually slightly higher than awareness; only in Belgium, France and Spain it is lower.

A possible explanation for the higher organizational uptake levels is the fact that SRPP is in a number of countries (Austria, Belgium, France, the Netherlands, Norway, Poland and the UK) integrated in the GPP NAP and therefore the organizational uptake of SRPP will follow the uptake of GPP, that is also higher than the awareness of GPP NAPs.)

Broader SRPP policies, stipulating that social objectives to be considered in public procurement, do exist in the Czech Republic, Denmark, Finland, Germany, Italy, Lithuania, Luxembourg, Slovakia, Belgium, France, Poland and the UK. Some of the interviewees mentioned these broader policies and training and dissemination activities as drivers for the uptake of SRPP policies. The higher organizational uptake level could therefore result in part from these drivers.

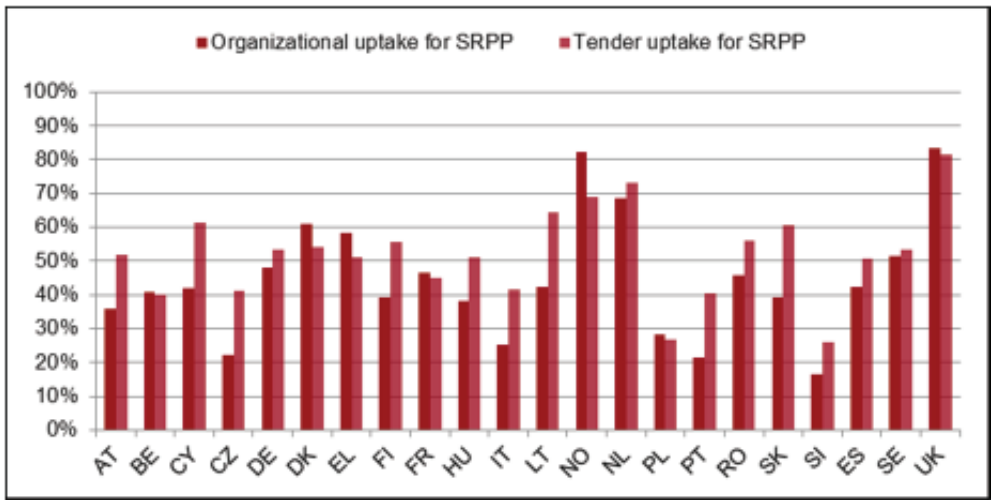
Figure 33: Awareness vs. organizational uptake of SRPP policies by Member States



When the organizational uptake and the tender uptake of the countries are compared (Figure 34), a similar pattern can be observed as that revealed by comparing awareness and the organizational uptake (see Figure 33). On average the tender uptake is higher than the organizational uptake (49% vs. 45%).

This is similar to the patterns already observed with GPP. The organizational policy uptake follows the tender uptake. But in Denmark, Greece, France, Norway, Poland and the UK the organizational uptake is higher than the tender uptake; and in Austria, Cyprus, the Czech Republic, Finland, Portugal and Romania the tender uptake is considerably higher than the organizational uptake. This is in general consistent with the patterns found for the comparison of the GPP organizational uptake and the tender uptake in the 13 statistically representative countries.[85] Only in Poland is the situation different from the results regarding GPP uptake.

Figure 34: Organizational uptake vs. tender uptake of SRPP policies by Member States



[85] Belgium, Denmark, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Spain, Sweden, and the UK.

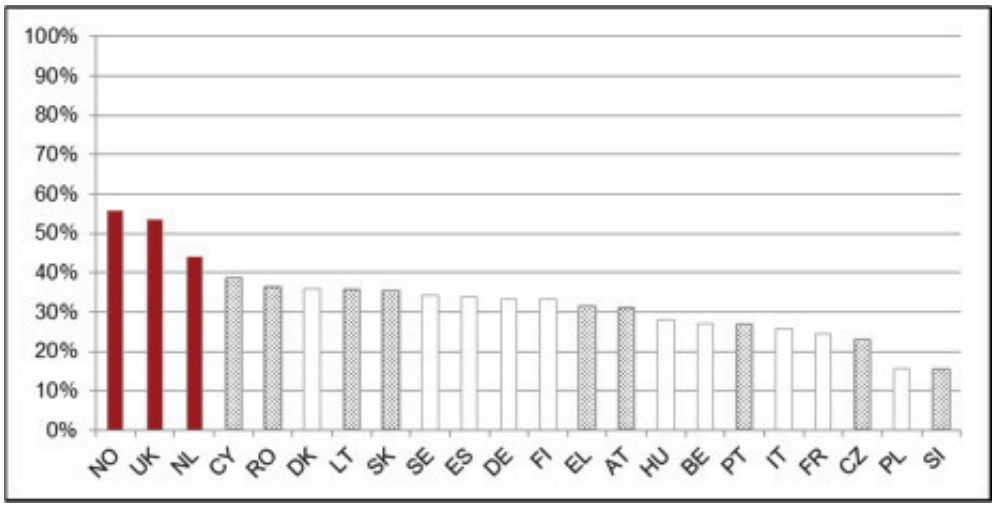
3.2.3.6 Relative usage rate for SRPP

To determine how Member States perform in both respects (the use of SRPP requirements and the share of contracts), a SRPP usage rate is introduced, as was done for GPP. This rate integrates the data presented in Figure 29 and Figure 31.[86]

Figure 35 presents the SRPP usage rates for the 22 Member States. Based on this SRPP usage rate calculation, Norway, the UK and the Netherlands have a SRPP usage rate well above 40%, and can be regarded as the front-runners with regard to the tender uptake of SRPP. This is no surprise: they are also leading with regard to awareness of SRPP policies and the organizational and tender uptakes.

It is interesting to observe that Cyprus, Romania, Lithuania and Slovakia do perform better using SRPP in tenders than their awareness level and organizational uptake level suggest.

Figure 35: Relative SRPP usage rate by Member States



Note: The dotted bars indicate that the response of these countries is ≥ 30 responses with a margin of error ≥10%.

They rank respectively 4, 5, 7 and 8, while their organizational uptake rankings are respectively 12, 9, 11 and 14. Chapter 2 and the country fiches provided no relevant information; it can be that for Romania, Lithuania and Slovakia this high SRPP usage rate is a socio-political legacy.

97% of the CAs that use SRPP in their tenders also use GPP in their tenders. The relation between the organizational uptake is slightly less: 80% of the CAs with an organizational uptake of SRPP have also implemented GPP in their organizational procedures. This explains why the SRPP front-runners are also GPP front-runners.

3.2.4 Awareness and uptake of PPPI approaches

The analysis of the awareness and uptake of PPPI is the same as for GPP and SRPP: after the awareness and uptake levels are calculated, the levels are compared.

[86] The SRPP usage rate is defined as the sum of the percentage of use of SRPP requirements and the percentage of contracts with ≥ 50% SRPP divided by 2.

3.2.4.1 Awareness of NAP for PPPI

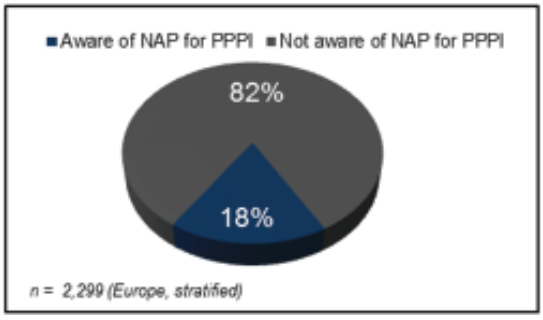
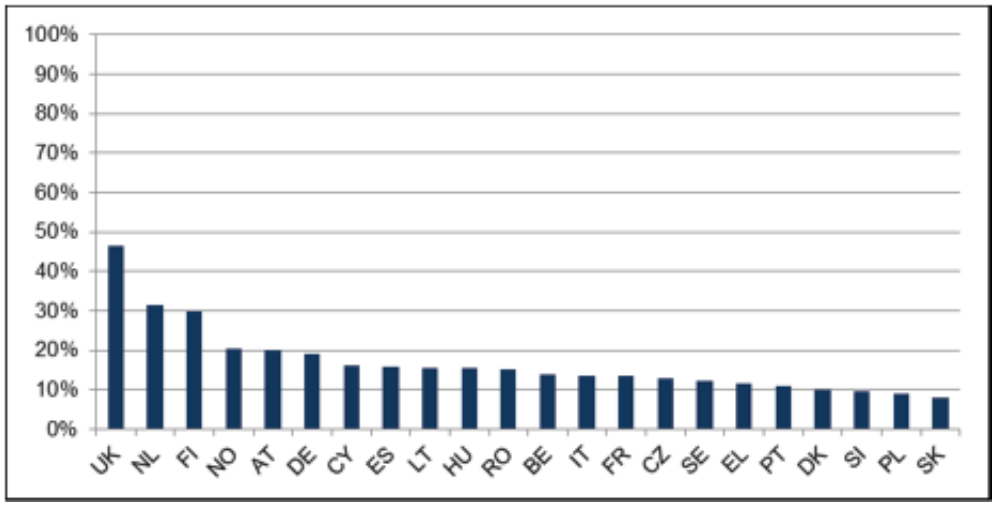


Figure 36: Awareness of NAP for PPPI[87]

The desk research found no NAPs at all for PPPI. However, many kinds of broader PPPI approaches exist. Some Member States have integrated PPPI in GPP/SPP NAPs. The response to this question will therefore be interpreted as an indication of respondents' awareness of other NAPs that include PPPI, other initiatives, broader policies or local programmes. Of the respondents, 18% indicated that they were aware of such a policy.

On the Member State level respondents in the UK, the Netherlands, Finland, Norway and Germany are more aware than average of such approaches. Awareness of PPPI approaches in the UK is 46%; in the Netherlands, Finland and Norway it ranges from 20% to 31%.

Figure 37: Awareness of NAP for PPPI by Member States



[87] Survey question 8: Are there any National Action Plans to stimulate the use of environmental and social requirements in public procurement or promoting innovation through public procurement?

3.2.4.2 Organizational uptake of PPPI policies

The organizational uptake rate indicates whether PPPI policies have been implemented in the CAs' procurement strategy, regulations, procedures or purchase conditions.

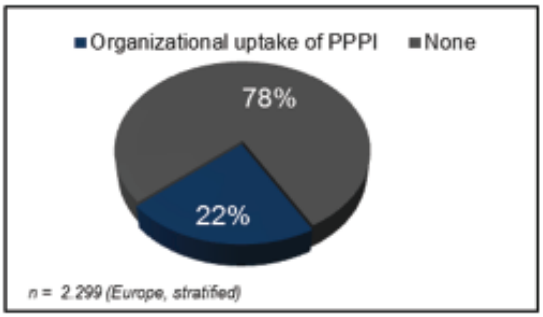


Figure 38: Organizational uptake of PPPI policies[88]

Of the CAs, 22% indicate that they have implemented PPPI policy objectives in their organizational policies Those that have implemented these policies in their procurement strategy *and* their regulations *and* their procedures *and* purchase conditions have a PPPI usage rate[89] of 68%; those that have implemented PPPI in only one of these areas achieve a rate of only 48%. So an all-encompassing implementation can lead to a higher usage rate. The average PPPI usage rate for these CAs is 52%.

As for GPP and SRPP, the awareness level corresponds rather closely to the level of uptake of PPPI organizational policies. PPPI front-runners (see section 3.2.4.6) and the other countries use organizational policies with far less intensity, but the same deviation in the pattern is evident as for GPP: only for PPPI front-runners the "procurement strategy" followed by the "procurement procedures" have relatively higher shares in the organizational policies than the procurement regulations and the purchase conditions.

Although 78% of the CAs haven't implemented PPPI policy objectives, they do in fact use PPPI requirements in their tenders. The PPPI usage rate for this group is 24%.

Again, as is the case for SRPP, central authorities have implemented PPPI policies slightly more often than local authorities (23% vs. 19%). And as with SRPP, the difference is small and therefore probably insignificant. PPPI is mainly driven by national policies, and it can be expected that central authorities implement PPPI policies more often. In addition, local authorities might be thought to be less willing to take the perceived risks involved in PPPI. In fact, this is not the case, the tender uptake by the local authorities is actually higher (see section 3.2.4.3). The results on the country level show that the UK, the Netherlands, Finland, Italy, Portugal, Lithuania, Hungary, Romania and Germany perform better than the European average.[90] In the UK public procurement is an important aspect of the national innovation strategy. In Finland there is a link between the GPP NAP and PPPI, and there is an action plan for demand-driven innovation. In Hungary this could be due to a PPPI pilot project. In Portugal 20% of substantial public procurements must legally be allocated to R&D and innovation.

The uptake of PPPI policies in the UK is 52%, whereas in Finland, the Netherlands and Italy it ranges from 41% to 31%.

As is the case for GPP and SRPP, there are relations between awareness and the organizational uptake, between awareness and the tender uptake, and between the organizational uptake and the tender uptake. So when a CA is aware of broader PPPI policies, it will proba-

[88] Survey question 9: Has your organisation incorporated one of the following procurement policies in its procurement strategy, procurement regulations, procurement procedures and/or purchase conditions?

[89] See footnote 96.

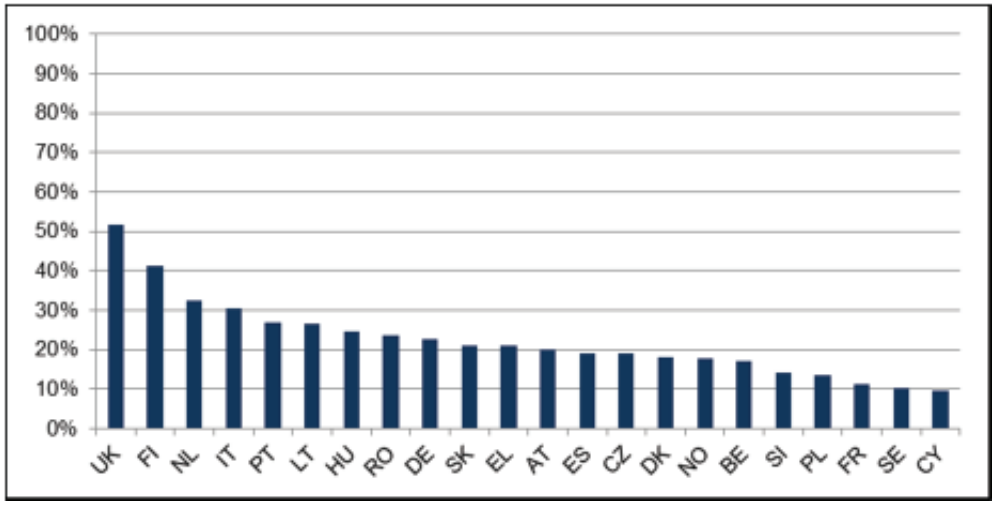
[90] Portugal, Romania and Lithuania, however, have a higher margin of error.

bly somehow implement the policies in its organization and use PPPI in its tender documents.

Although, in the absence of NAPs for PPPI, no correlations with awareness were expected to be found, the analysis indicates that they do exist. Most probably the broader approaches, being perceived as national action plans, generate these relations.

On the Member State level a number of correlations exist: In Sweden and Italy local governments have a negative correlation with PPPI policy uptake. Perhaps the PPPI approaches are more directed at the higher levels of government, or perhaps the local authorities don't want to take risks. Even central authorities can have a negative correlation with tender uptake, as also in Norway. It is not clear why the PPPI approaches have this effect.

Figure 39: Uptake of PPPI policies by Member States



3.2.4.3 Use of PPPI in tender documents

The preceding subsections have addressed awareness of NAPs for PPPI and the organizational uptake of PPPI objectives. To determine whether this has been an incentive for the CAs to address these objectives in their tender documents, the survey asked how often PPPI requirements were used in tenders and what share of contracts included PPPI requirements.

Of the CAs, 48% use PPPI requirements in their tender documents; 7% indicate that they aim to do this as much as possible and 10% indicate that they do so regularly.[91]

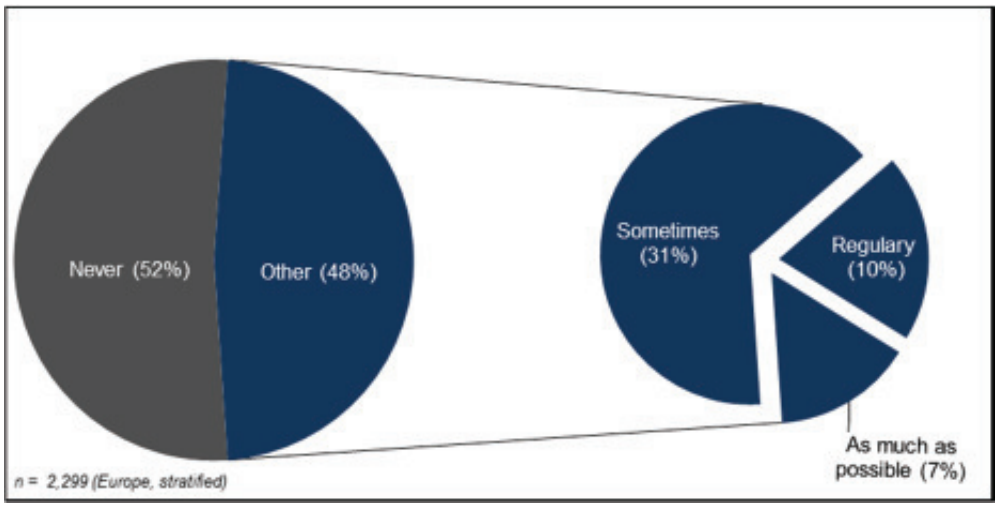
This average of 48% is unexpectedly high in view of the averages for awareness (18%) and the organizational uptake (22%).

The tender uptake of PPPI by local authorities is slightly higher than the uptake by central authorities (49% vs. 43%). This contrasts with the findings for the organizational uptake of PPPI: there, central authorities have implemented PPPI policies slightly more often than local authorities (23% vs. 19%).

[91] The 52% that indicate that they never use PPPI objectives in tenders include the 36% that indicate that they never consider GPP, SRPP or PPPI objectives.

This higher use in tender documents is not caused by a greater use of functional requirements as an approach to promoting innovation. Of the local authorities, 52% use functional requirements while 51% of the central authorities do so, an insignificant difference. Another possibility is a different level of use of the economically most advantageous tender (EMAT) as an approach. There is indeed a difference, however small: local authorities use the EMAT slightly more often (19%) than the central authorities (16%).

Figure 40: Use of PPPI in tender documents[92]



Fifteen countries perform above the European average. The GPP front-runners all perform above average, suggesting a possible link in those countries between GPP, PPPI and public procurement approaches. The performance of Slovakia (66%) is impressive in view of Slovakia's low awareness of PPPI approaches (6%) and organizational uptake of policies (21%) Possibly this is an effect of the Slovakian Competitiveness Strategy 2010, which incorporates PPPI and links it strongly to GPP innovation.

There is a rather significant relation between the tender uptake of GPP and that of PPPI. There is also a significant relation with the tender uptake of SRPP. This supports the observation from the desk research, which found that PPPI is often embedded in the NAP for GPP.

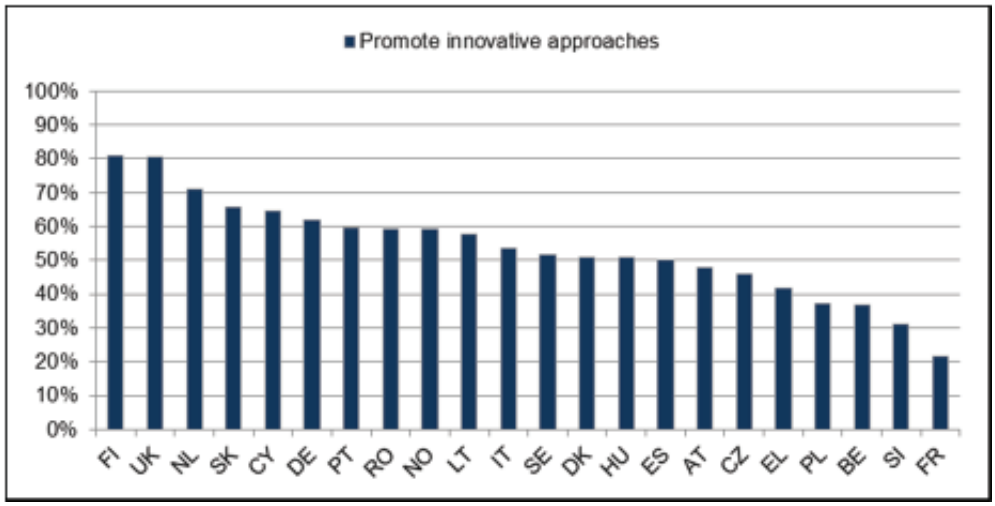
On the Member State level some correlations exist. In Hungary e.g. a relation exists between the tender uptake and the CA being an agency.[93] Hungary has a strong innovation strategy and the Public Procurement Act (PPA) provides the possibility for contracting authorities to take into account the aspects of innovation through their public procurement procedures. It is the first EU-10 country that runs a pilot on pre commercial procurement.[94] Maybe agencies are more aware of this innovation strategy and this PPPI pilot.

[92] Survey question 25: How often do you seek innovative products, solutions or services in your tender documents?

[93] Survey question 2; Do you carry out to a significant extent purchasing activities for other public entities? When the answer is "Yes", this response has been regarded as being from a procurement agency.

[94] During the EU funded RAPIDE project, the Hungarian Észak-Alföld Regional Innovation Agency investigated the feasibility of incorporating PCP practices into their regional operational programme for the structural funds. It planned to launch a PCP pilot in 2010. See: http://cordis.europa.eu/fp7/ict/pcp/hungary-case.pdf

Figure 41: Use of PPPI in tender documents by Member States



3.2.4.4 Share of contracts with PPPI requirements

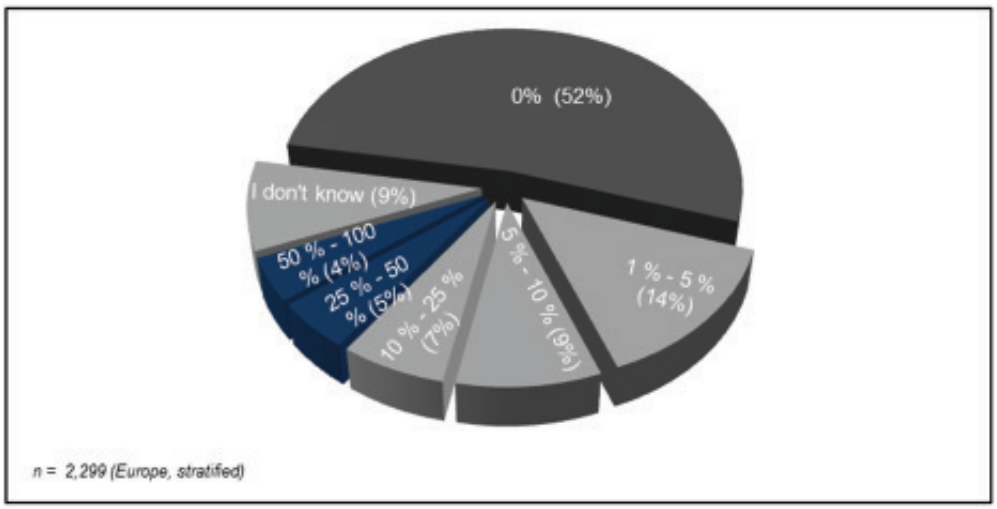
The share of contracts with PPPI requirements is another indication of the way CAs actually implement the policies.

Of the CAs (39%) that do have contracts with PPPI requirements, 30% include them in 1–25% of contracts and 9% indicate a share of 25–100%.

As 48% of the CAs did indicate that they include PPPI requirements in their tenders, which is regarded as a high rate (see subsection 3.2.4.3) the share of contracts is lower than expected.

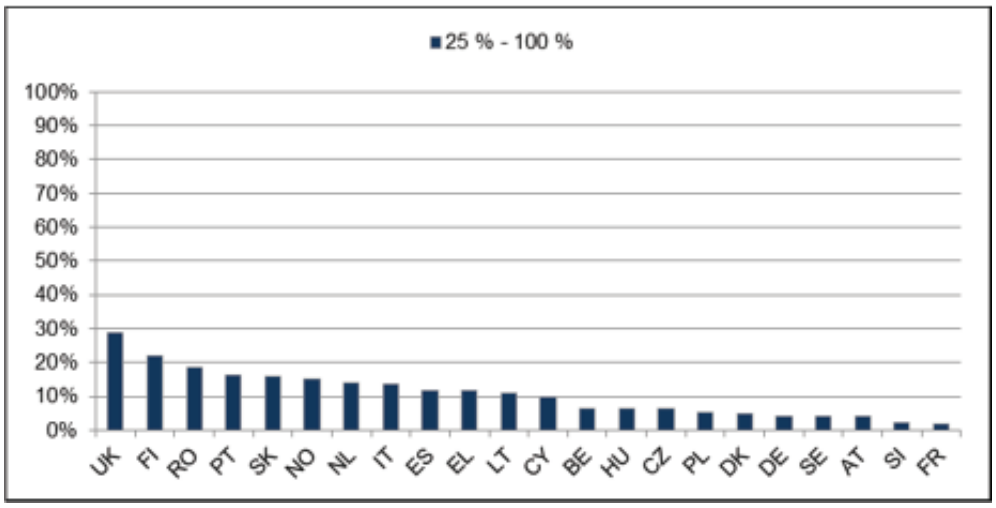
In this analysis the 25–100% share is used because most CAs indicate a lower share of contracts with PPPI requirements than of those with GPP and SRPP requirements. Therefore, a share above 25% is assumed to be already outstanding.

Figure 42: Share of contracts with PPPI requirements[95]



On the Member State level, again the differences are considerable. Among countries with a 25–100% share of contracts, the UK has a level of 29% and Finland 22%. The high levels of Romania (19%), Portugal (16%) and Slovakia (16%) are remarkable. In Romania and Portugal the national sustainable development strategy builds on GPP and PPPI for an eco-efficient economy, and Portugal has an active approach to PPPI on the legal and policy levels. As mentioned, in Slovakia PPPI is embedded in the Competitiveness Strategy 2010.

Figure 43: Share of contracts with PPPI requirements by Member States



3.2.4.5 Awareness, organizational uptake and tender uptake of PPPI policies compared

A comparison of PPPI approaches and the uptake of PPPI policies shows that the awareness level is 18% and the organizational uptake of PPPI policies is 22%. This suggests a

[95] Survey question 26: What is the share of contracts in which you promote innovation in your purchasing volume?

possible correlation between awareness of a NAP (including broader policies) for PPPI and uptake of PPPI policies. This correlation does indeed exist (see Annex IV).

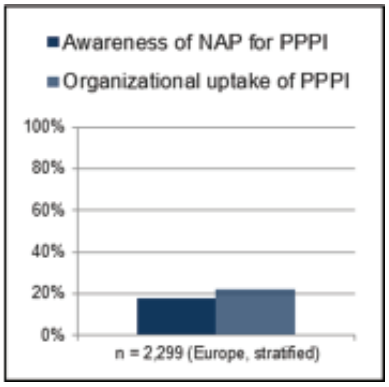
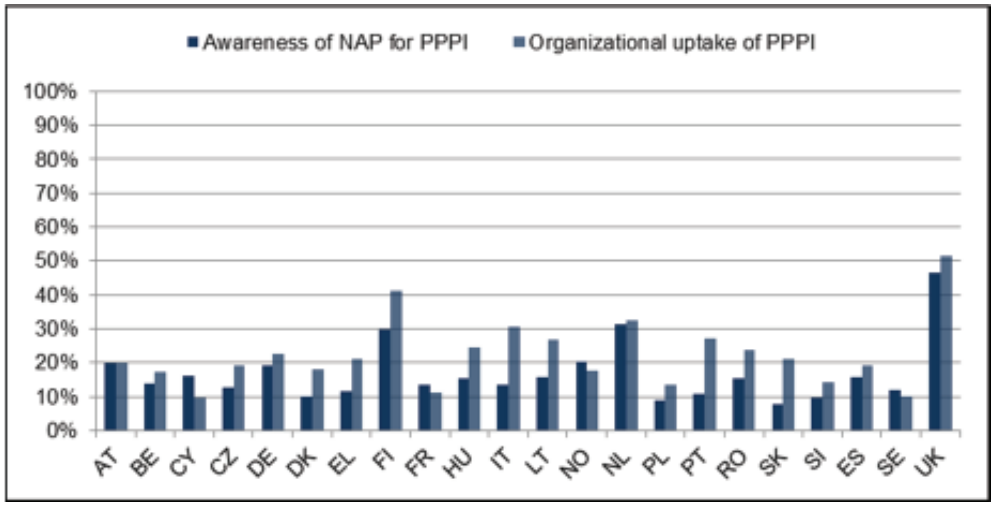


Figure 44: Awareness vs. organizational uptake of PPPI policies

Again, as for GPP and SRPP, a difference between awareness and organizational uptake can be observed (see Figure 46). The organizational uptake in Italy, Hungary, Finland, Portugal, Romania, Slovakia and Denmark is considerably higher than awareness.

A possible explanation for these higher uptake levels is that the survey contained a question about awareness of National Action Plans but no question about broader approaches and additional support and dissemination activities. For instance, Portugal has an active approach to PPPI on both legal and policy levels, but, like all the other MS, has no NAP for PPPI. There are strong relations between PPPI and GPP, as discussed in the previous subsections. The organizational uptake and tender uptake of PPPI are related to the organizational uptake and tender uptake of GPP. In Romania the national sustainable development strategy builds on GPP and PPPI for an eco-efficient economy.

Figure 45: Awareness vs. uptake of PPPI policies by Member States



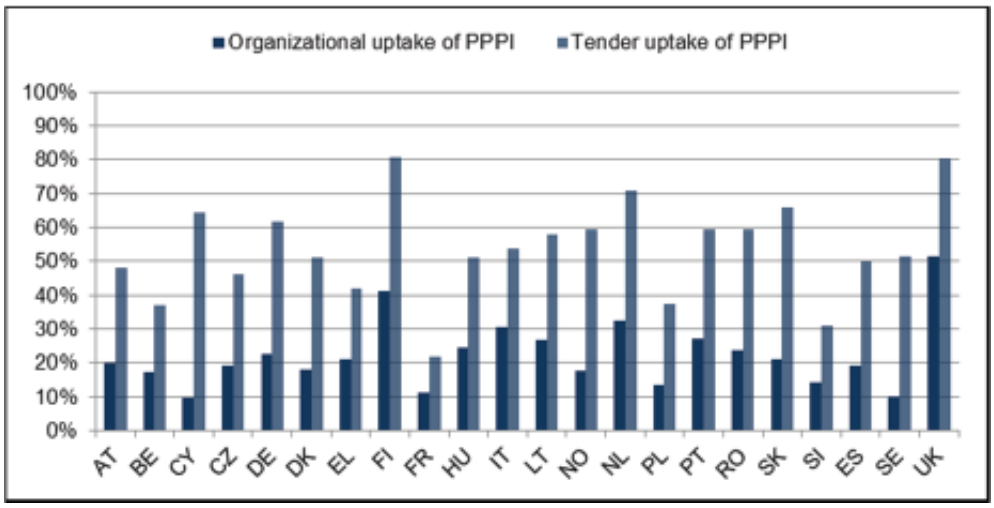
When the organizational uptake and the tender uptake of the countries are compared, a different pattern can be observed (see Figure 46). In a number of MS the tender uptake is much higher than the organizational uptake. The average tender uptake is also much higher than the organizational uptake (48% vs. 22%).

A possible explanation for this is that broader policies are in place in most MS and that often PPPI is included in the organizational uptake of GPP. This will lead to a high tender uptake without a specific organizational uptake for PPPI. This explanation is supported by the relation that has been found between the tender uptake for GPP and for PPPI.

Policies to professionalise the public procurements processes will also have a specific effect on the PPPI tender uptake. A Dutch expert said innovation is often a result of the way well trained professional purchasers frame user requirements. For instance, when they buy new equipment they may require a low level of electricity consumption. This leads to totally new concepts, enabling suppliers to propose innovative solutions without a specific innovation policy. The training of professional purchasers is however mainly aimed at the procurement

process itself. Specific training for GPP, SRPP and PPPI is lacking as is concluded in chapter 2.

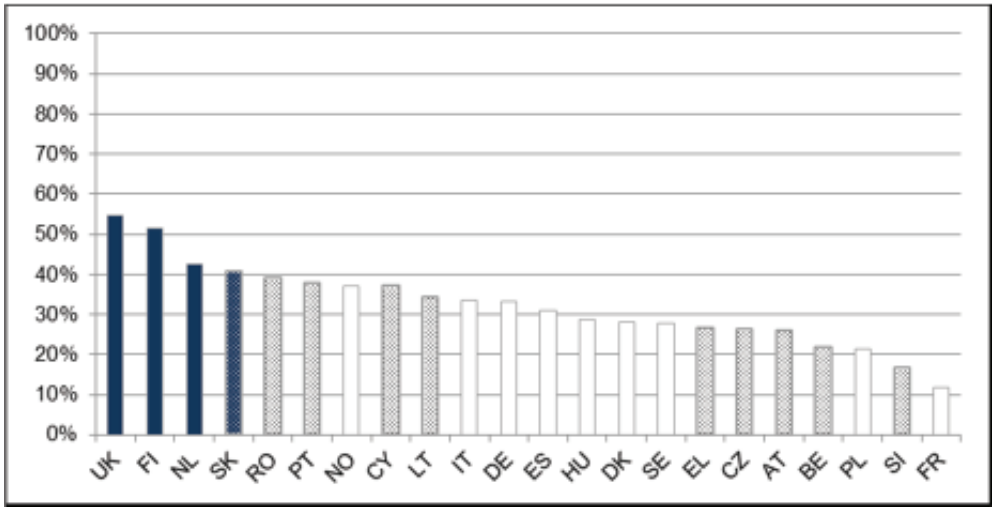
Figure 46: Organizational uptake vs. tender uptake by Member States



3.2.4.6 Relative usage rate for PPPI

Combining the use of PPPI requirements (Figure 41) and the share of contracts (Figure 43) yields an insight into the frequency and relative volume of the use of PPPI requirements. The resulting PPPI usage rate[96] allows us to determine how Member States perform in both respects.

Figure 47: Relative PPPI usage rate by Member States



Note: The dotted bars indicate that the response of these countries is ≥ 30 responses with a margin of error ≥10%.

[96] The PPPI usage rate is defined as the sum of the percentage of use of PPPI requirements and the percentage share of contracts with ≥ 25% PPPI divided by 2.

Figure 47 presents the PPPI usage rates for the 22 Member States. On this calculation, the UK, Finland, the Netherlands and Slovakia have PPPI usage rates well above 40%; they can be regarded as front-runners with regard to the tender uptake of PPPI.

The UK, the Netherlands and Finland are also leaders with regard to awareness of PPPI policies and the organizational and tender uptakes; and although these rates are not high for Slovakia, that country scores highly with regard to the use of PPPI requirements and share of contracts.

It is interesting to observe that Slovakia, Romania and Norway do perform better using PPPI in tenders than their organizational uptake level suggests. They rank respectively 4, 5 and 9 while their organizational uptake rankings are respectively 10, 8 and 16.

3.3 Patterns of integrating other objectives in tenders

This section focuses on how the other objectives are integrated into procurement practice. It seeks to answer the following research questions:

- What types of procedure are typically used in procurements where GPP, SRPP or PPPI objectives are addressed?
- How do contracting authorities implement such policy objectives in the different stages of their tenders?
- How are tender specifications framed?

The results of the qualitative interviews are used to present relevant arguments for the procurement practices found in the survey.

In the following subsections, first the stratified results are analysed. This data set includes the results of all 30 Member States, but is limited to those responses where it was indicated that a specific policy was used in tendering. Therefore, the population sizes are different from the population size used so far (n = 2,299). The stratified population size for GPP is n = 1,486, for SRPP is n =1,151 and for PPPI is n = 1,170.

Subsequently the front-runners are compared with the other Member States in the way they use the policies in their tenders.

3.3.1 Patterns of use of tender structure

The other policy objectives (GPP, SRPP, and PPPI) can be addressed in several places in the tender documents. The Public Procurement Directives, transposed into national law, dictate the possibilities of each of the sections of a typical tender document. The survey asked how the following sections are used:

- Introduction
- Subject matter
- Requirements for the technical and/or professional ability of the bidders
- Technical specifications
- Award criteria
- Contract conditions

As the Directives and other communications[97] form the basis for all European tender documents, it is of interest to see how these sections are used to address GPP, SRPP and PPPI objectives and whether there are different patterns between individual (groups of) Member States.

The results from the desk study show that the CAs in the leader group are in general better supported and trained, and have more experience with GPP, SRPP and PPPI, than the CAs in the other group. The survey results show that the organizational uptake and the use of GPP, SRPP and PPPI in tenders are considerably higher in the respective leader groups.

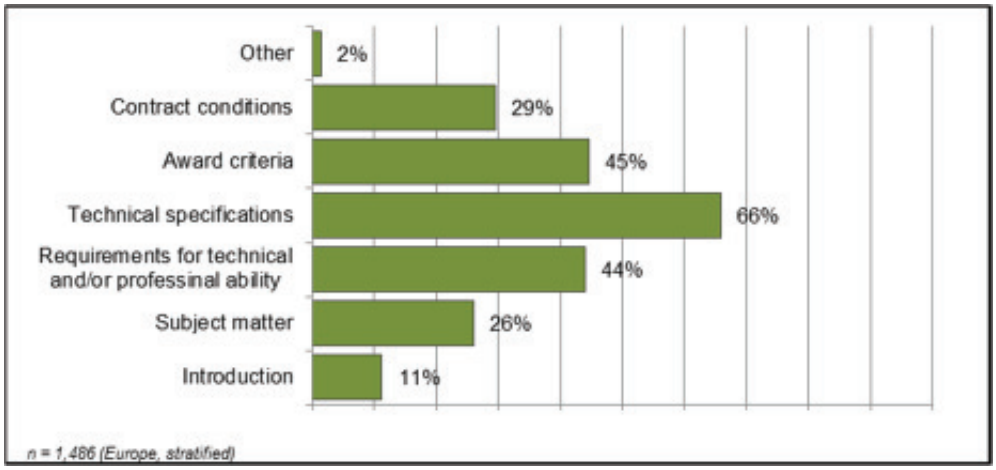
The effects of this expertise and experience can be observed in the way the front-runners apply GPP, SRPP and PPPI objectives in their tender documents. In general they address the objectives differently from the other CAs and do so in a more balanced way.

This can be concluded from the responses to specific questions about the use of the various possible sections in the Invitation to Tender and how GPP, SRPP and PPPI objectives are used in the tender documents as requirements and award criteria. The responses did provide an insight into the types of procedures that are typically used in procurement, how the policies have been implemented and how the tenders' specifications are framed.

The Public Procurement Directives form the framework for the use of GPP, SRPP and PPPI objectives in public procurement. Environmental and social criteria have to be linked to the subject matter of the contract. The GPP, SRPP and PPPI policies that form the scope for the specific requirements should be well communicated to the market. This can be done in the introduction section or the subject matter section. Since both aspects play a role in the success of a tender, questions about the use of these two sections are included in the survey.

3.3.1.1 Addressing GPP objectives in tenders

Figure 48: Addressing GPP objectives[98]



[97] Such as, for instance, the EU handbook on environmental public procurement, *Buying Green!* (European Communities 2004).

[98] Survey question 17: Where do you address environmental objectives in your tender documents?

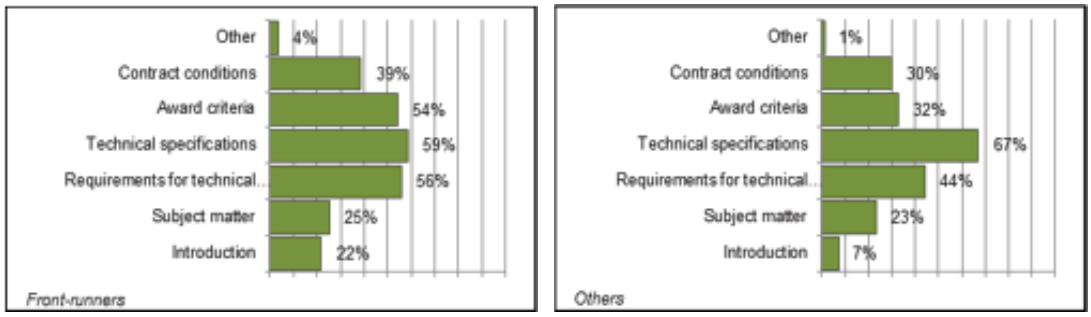
The figures are based on the results from the European level that uses the stratified results from 30 Member States whereas the comparison of the front-runners is based on the average percentages of 22 Member States.

The CAs use the technical specifications most often, followed by the award criteria and the requirements for technical and/or professional ability. The introduction is used by only 11% of the CAs.

The GPP front-runners, namely, Denmark, the Netherlands, Norway, Sweden, and the UK, use more of the sections and also use them more often than the other Member States.

They more often use the introduction (22% vs. 7%), the award criteria (54% vs. 32%) and the requirements for technical and professional ability (56% vs. 44%). The other MS predominantly include the GPP requirements in the technical specifications, even more than the GPP front-runners do (67% vs. 59%). Figure 49 shows that the GPP front-runners use the various sections in a more balanced way.

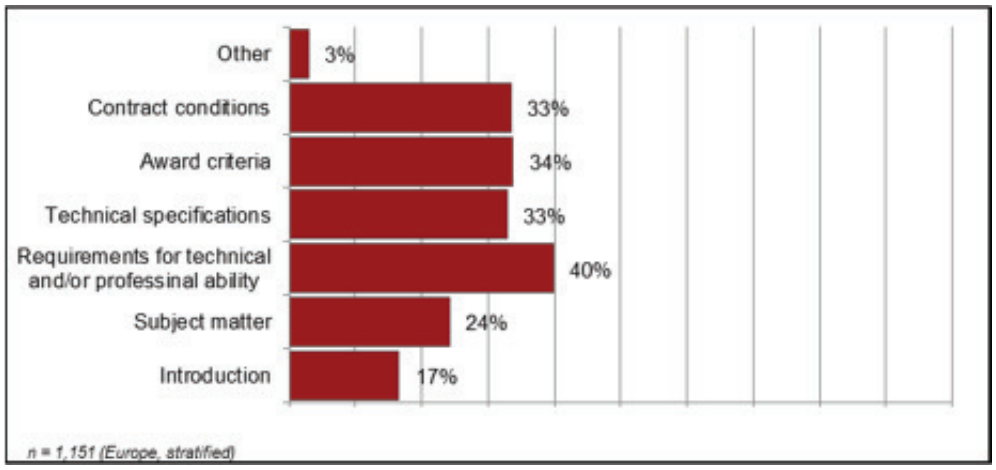
Figure 49: Front-runners compared with the other Member States



The use by some CAs of various elements as well as technical specifications is possibly an indication that such CAs are more confident in applying GPP; whereas those that use only technical specifications do so because the (minimum) GPP criteria have been predefined and they are sure they are legally valid.

3.3.1.2 Addressing SRPP objectives in tenders

Figure 50: Addressing SRPP objectives[99]



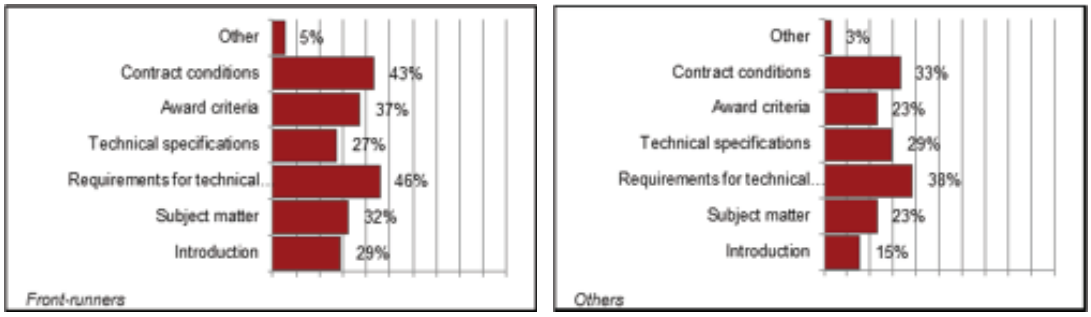
The CAs most often use the requirements for technical and/or professional ability, followed by the contract conditions and the award criteria. Only 17% use the introduction.

[99] Survey question 22: Where do you address social responsibility requirements in your tender documents?

They use the sections in a more balanced way and also use each of the sections more often than the other Member States.

The way SRPP front-runners – namely, Norway, the UK and the Netherlands – use the various sections is comparable to the way the GPP front-runners do.

Figure 51: Front-runners compared with the other Member States

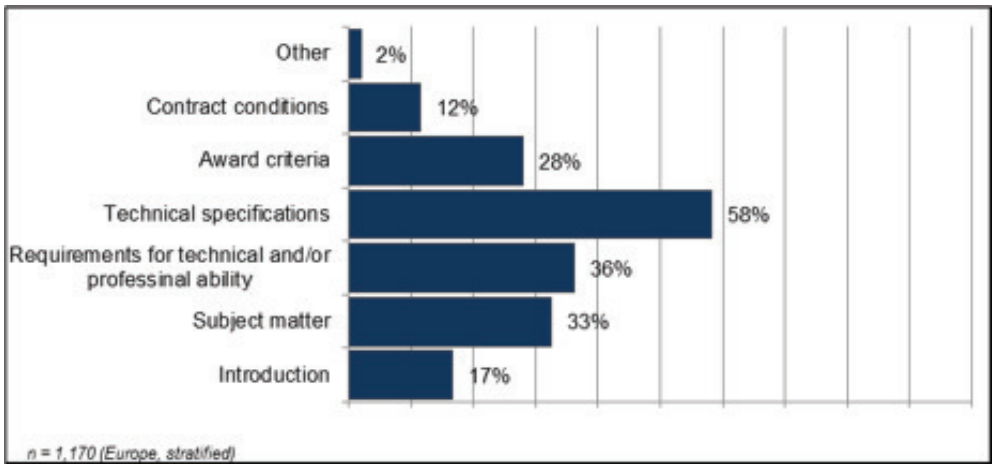


As is the case with the GPP front-runners, the SRPP front-runners use contract conditions (43% vs. 33%), the introduction (29% vs.15%), and subject matter (32% vs. 23%) sections more than the other groups. They also use the award criteria (37% vs. 23%) more to address SRPP objectives. The other MS use mostly the requirements for the technical and/or professional abilities of the bidder and the technical specifications (29% vs. 27%).

It is interesting to observe how the front-runners make use of the contract conditions section for SRPP. The use of contract clauses is recommended to address SRPP requirements. The front-runners have taken up this recommendation, as the survey results show: front-runners do use contract conditions more for SRPP than for GPP (43% vs. 39%). The results show at the same time that the SRPP front-runners do use the other sections in a more or less equal way as they do also with GPP, thus exploiting all possibilities the structure of the tender offers.

3.3.1.3 Addressing PPPI in tenders

Figure 52: Addressing PPPI objectives[100]

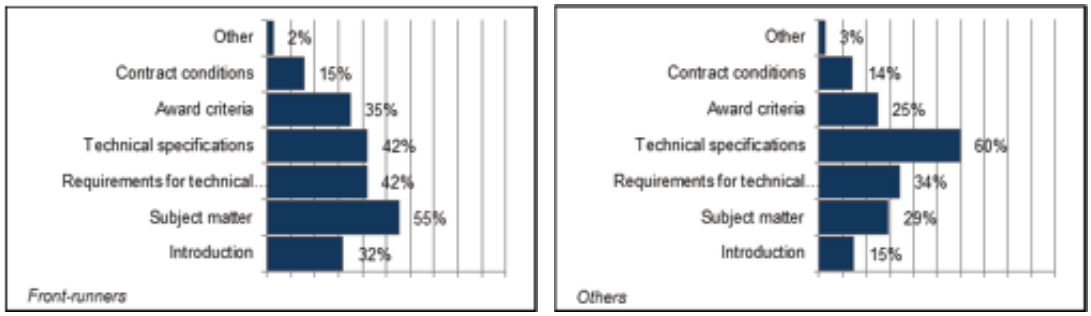


[100] Survey question 27: Where do you promote innovation in your tender documents?

The CAs use technical specifications most often, followed by the requirements for technical and/or professional ability and the subject matter. The introduction is used by 17%, the same percentage as for SRPP.

The PPPI front-runners – namely, Finland, the UK and the Netherlands – use more of the various sections and also use them more often than the other Member States.

Figure 53: PPPI front-runners compared with other Member States



The PPPI front-runners use the introduction and subject matter sections more than the other MS. This shows that they are aware of the need to communicate their expectations with regard to innovation to the potential suppliers. These sections are the proper place to do so, certainly as it is not always obvious what potential for innovation is “embedded” in the technical specifications.

They also use the award criteria more. The other MS predominantly use the technical specifications. When technical specifications are used, the other MS use detailed technical specifications as much as the front-runners, but the other options less.

PPPI, as one of the interviewed experts said, is not workable in procurement as it is unclear and risky. The first priority is the completion of work; all other things are secondary.

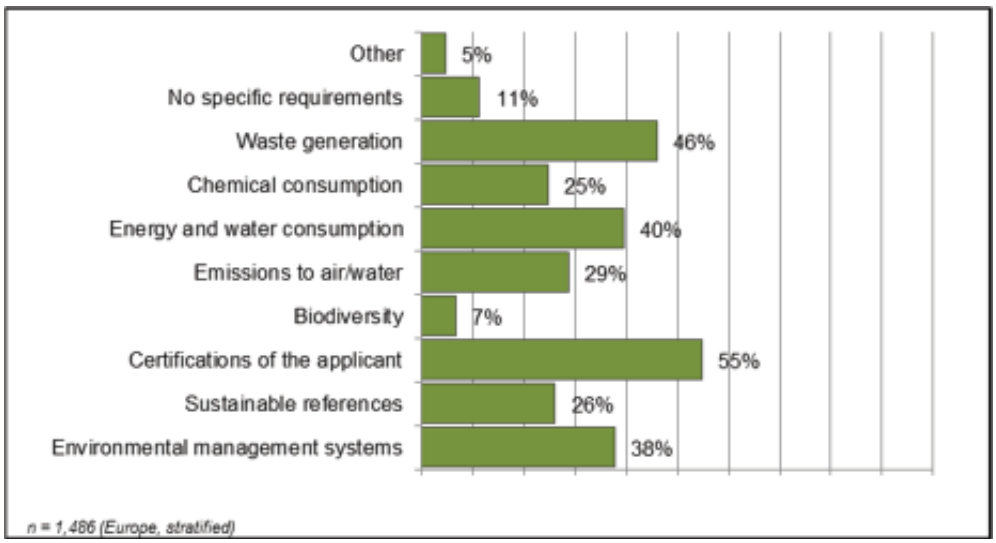
3.3.2 Patterns of use of requirements

In the previous subsections we have seen how GPP, SRPP and PPPI policy objectives can be addressed within the structure of a typical tender document. GPP, SRPP and PPPI requirements can be addressed as requirements for the technical and/or professional ability of the bidders or as technical specifications. Requirements that are part of these two sections *must* be met by the supplier in his proposal. If the requirements are more in the nature of aspirations that don’t strictly have to be met in order to win the contract, they can be used as award criteria. Award criteria can be used only when the award of a contract is based on the EMAT awarding procedure, where not only the offered prices but also the quality of the proposals are taken into account. This is why different requirements can be addressed in the award section as opposed to sections with the requirements for technical and/or professional ability of the bidders and the requirements that are part of the technical specifications.

The following subsections examine more closely how the CAs use the various requirements that must be met by the suppliers and are therefore mandatory.

3.3.2.1 Use of specific GPP requirements

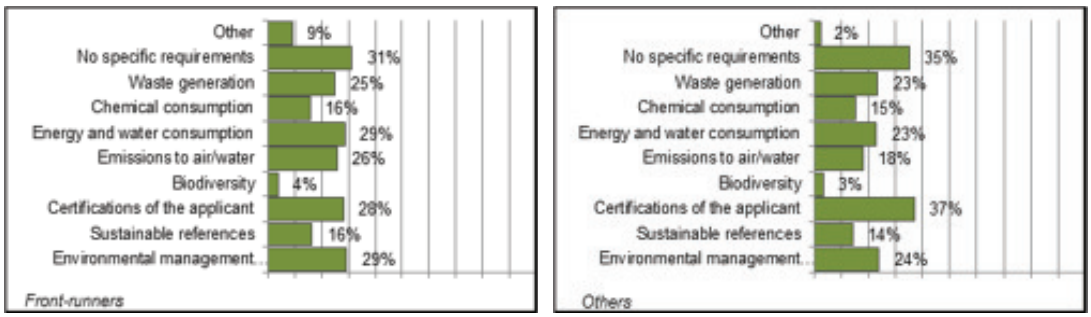
Figure 54: Use of specific GPP requirements[101]



The CAs use mostly requirements for the certifications of the applicant, waste generation and energy and water consumption. Biodiversity as such seems to be of little interest, as it is used by only 7% of the CAs. This is probably because many respondents did not relate specific requirements – for instance, for sustainable wood – to biodiversity, even while the use of such wood is obligatory in a number of MS.

On the Member State level the patterns of the front-runners and of the others don't differ very much. There are some clear differences: the front-runners require more frequently that bidders have an environmental management system (EMS) in place (55% vs. 38%).

Figure 55: GPP front-runners compared with the other Member States



They also more often use requirements with regard to use of energy and water (41% vs. 34%) and with regard to emissions to air and water (38% vs. 27%). The other MS use mainly requirements regarding certifications of the applicant (57%), waste generation and the use of an EMS.

These finding are in line with the results of the desk research (see section 2.4.2.1)

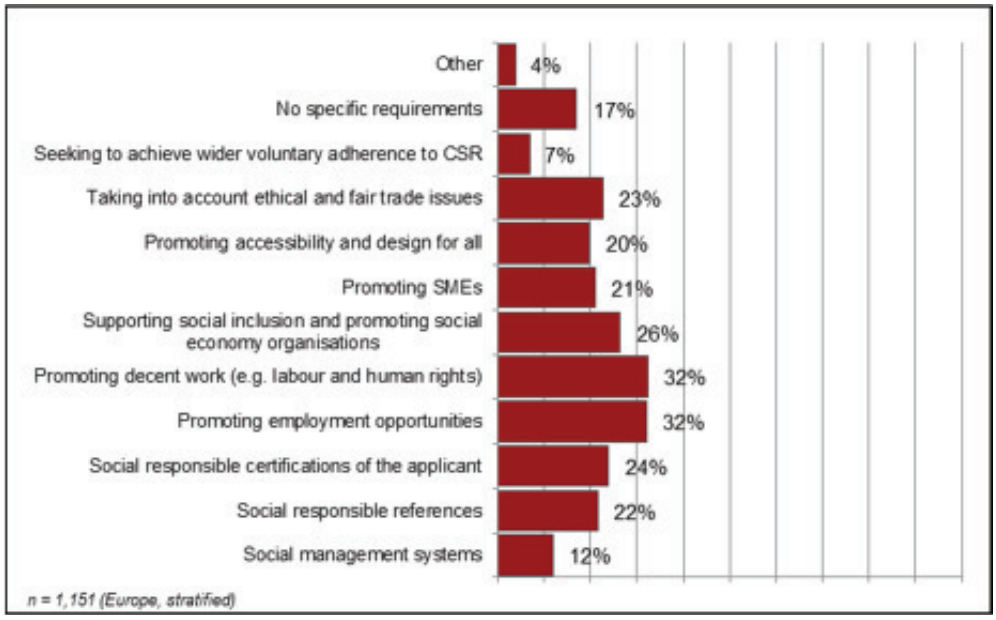
[101] Survey question 18: What kind of specific requirements do you set with regard to environmental objectives in your tender documents?

The high demand for an EMS (see section 2.4.2.1) may seem strange since not many of the CAs do use an EMS themselves. The explanation for this is that in a tender an EMS can be required only if it is related to the subject matter, for instance when product components are being used that can harm the environment. In such a situation it makes sense to have an EMS. A full EMS (for a municipality, for instance) makes little sense. In general the best authorities can do is to define an environmental policy, as they indeed often do.

The high use of certifications of the applicant is very interesting. Legally this kind of requirement can be required only in the professional and technical abilities section, and then only when it is related to the subject matter. Perhaps there is a bias, partly because the question is misinterpreted and partly because the Directives are incorrectly interpreted (for example, product certification and professional certification of the supplier's organization could be confused).

3.3.2.2 Use of specific SRPP requirements

Figure 56: Use of specific SRPP requirements[102]



CAs mostly use SRPP requirements for promoting employment opportunities and decent work.

Seeking to achieve wider voluntary adherence to CSR is used only by 7%.

On the Member State level the SRPP front-runners more often take into account ethical and fair trade issues (42% vs. 22%) and requirements promoting decent work (58% vs. 31%) and employment opportunities (40% vs. 25%).

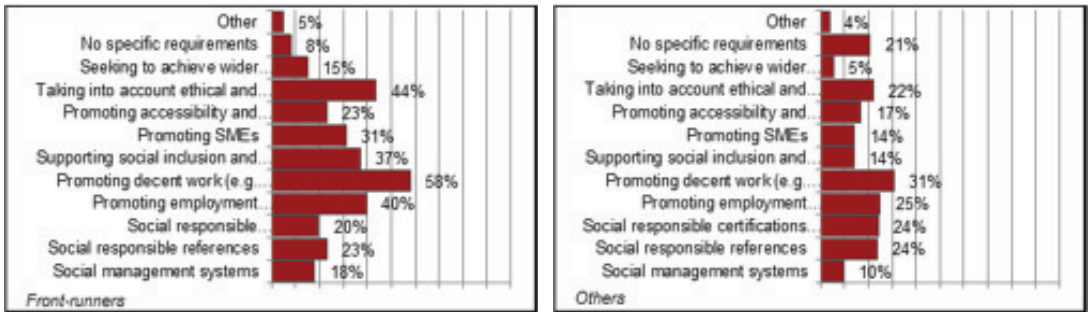
It is striking that 20% of the others don't use any specific SRPP requirements even while they say that they do use SRPP in their tenders. It may be that these CAs have implemented SRPP in their standards contract conditions or that they refer to national legislation or the International Labour Organisation (ILO) and consider these requirements not to be specific.

[102] Survey question 23: What kind of specific requirements do you set with regard to socially responsibility objectives in your tender documents ?

Although all member states have ratified the eight core ILO conventions[103] the front-runners are clearly more aware of their obligations to promote decent work (e.g. labour and human rights).

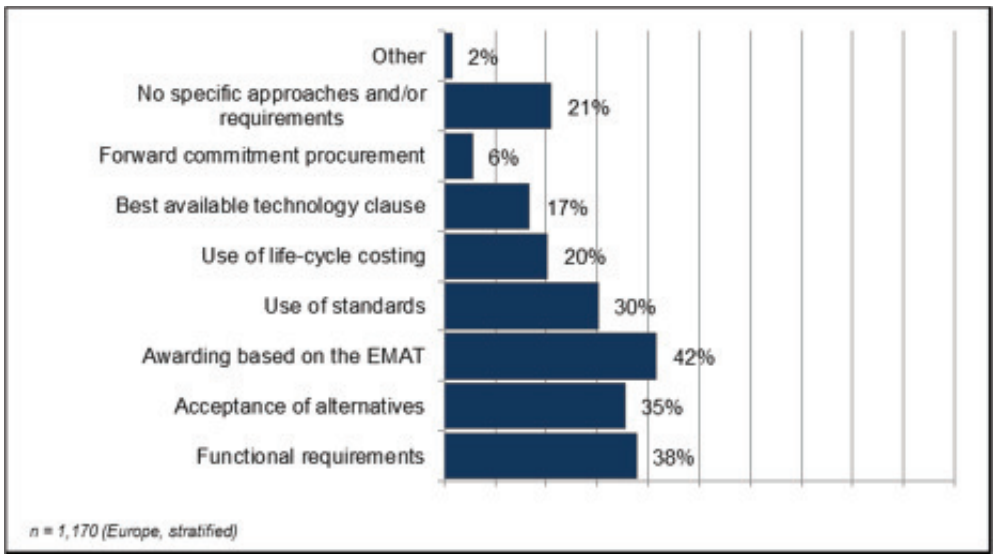
The results also support the findings in the desk survey. In section 2.4.2.2, an overview is given of SRPP provisions. They are indeed the most commonly adopted requirements on the ground, whereas their use by the front-runners stands out.

Figure 57: SRPP front-runners compared with the other Member States



3.3.2.3 Use of specific approaches to stimulate innovation

Figure 58: Approaches for PPPI[104]



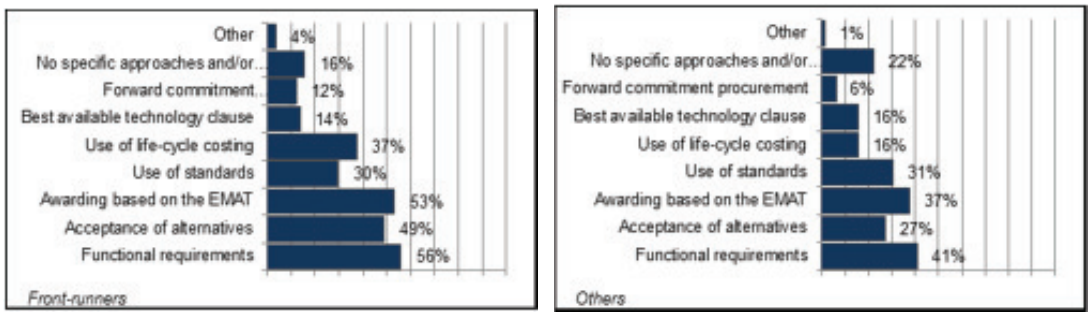
CAs mostly use awarding based on the economically most advantageous tender (EMAT), the use of functional requirements and the acceptance of alternatives to promote innovation.

Forward commitment procurement is used only by a small minority.

[103] The eight ILO core labour standard conventions, also known as the fundamental human rights conventions, are: *Elimination of forced and compulsory labour* (Conventions 29 and 105), *Abolition of child labour* (Conventions 138 and 182). *Elimination of discrimination in respect of employment and occupation* (Conventions 100 and 111), *Freedom of association and collective bargaining* (Conventions 87 and 98). See: www.ilo.org

[104] Survey question 28 : Do you use specific approaches in your tender documents to promote innovation?

Figure 59: PPPI front-runners compared with the other Member States



On the Member State level the PPPI front-runners use more often awarding based on the EMAT (53% vs.37%), functional requirements (56% vs.41%), acceptance of alternatives (49% vs. 27%) and life-cycle costing (37% vs.16%) to promote innovation.

The high use of life-cycle costing (LCC) as a PPPI approach by the front-runners shows clearly the interlinkage between PPPI and GPP, as LCC is a typical sustainability instrument.

The high use of the EMAT can become a problem over time due to the emergence of electronic tendering. In general, so far the emphasis in electronic tendering (and auctioning) has been on the price, and experience with the use of the EMAT is still rare. In situations where the subject of the tender is related to *"certain works contracts and certain service contracts having as their subject-matter intellectual performances, such as the design of works"*[105], the directive advises not to use electronic auctions. Awarding based on the EMAT requires an assessment of the qualities of the proposal and this practically always done by an award committee that cannot be replaced by an IT solution.

As with SRPP, it is striking that 21% of the other CAs don't use a specific approach for PPPI, even when they say that they address PPPI in their tenders.

3.3.3 Use of specific award criteria

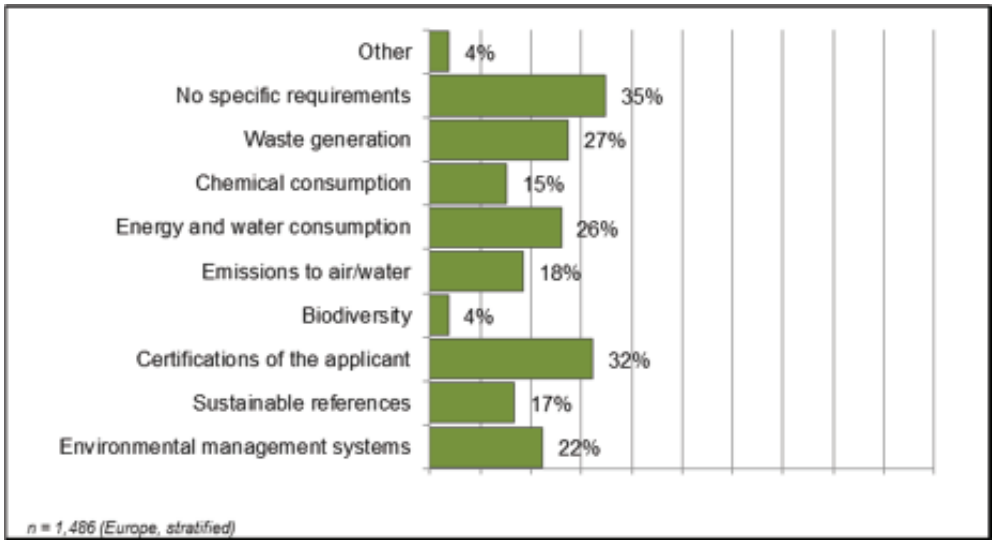
The previous subsections analyse how mandatory GPP, SRPP and PPPI requirements are used in tender documents. In the following subsections we analyse how CAs use GPP, SRPP and PPPI requirements as award criteria. In general, award criteria can be used for two purposes: in the first place when a purchaser is not sure that the market will be able to supply products or services that comply with all requirements, and in the second place when a purchaser wants to stimulate the suppliers to come forward with offers that are richer in functionality or promise a better performance. If used in that way, award criteria can be regarded as a method of stimulating innovation.

Again, first the overall stratified results are examined, and then the differences between the behaviour of the front-runners and that of the other Members States are analysed.

[105] Directive 2004/18/EC Consideration 14.

3.3.3.1 Use of GPP award criteria

Figure 60: Use of GPP award criteria[106]

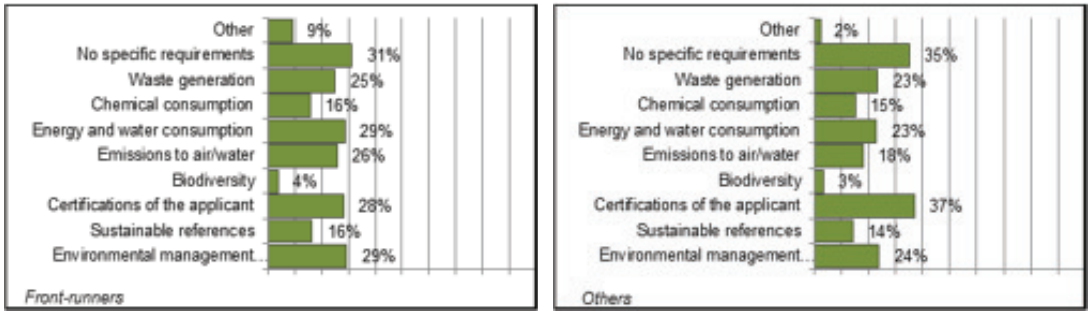


CAs mostly use certifications of the applicant, waste generation and consumption of energy and water as award criteria. Biodiversity is used by only 4% of the CAs as an award criterion.

The high use of certifications and the wish for an EMS as award criteria is of interest. In section 3.3.2.1 it was concluded that an EMS can only be required if it is related to the subject matter. When it is clear to the purchaser that many potential suppliers haven't implemented an EMS yet he can decide to use it as an award criterion.

Again the use of certifications of the applicant is very interesting. Legally this kind of requirements can only be required in the section professional and technical abilities and then only when it is related to the subject matter. Nevertheless this high use show that CAs see a clear need for these criteria and a debate about their use as award criteria seems to be necessary.

Figure 61: GPP front-runners compared with other Member States



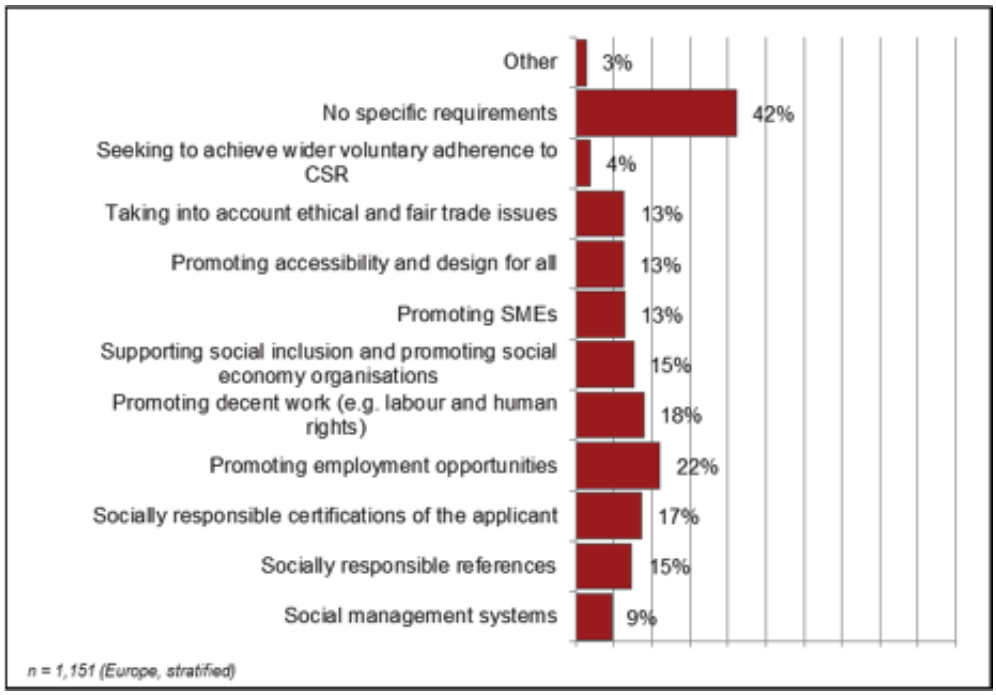
The figures show that the differences between the front-runners and the other MS are not so great. The only differences of importance are in the use of requirements on energy and water consumption (29% vs. 23%), emissions to air and water (26% vs.18%) and certifications of the applicant (28% vs. 37%).

[106] Survey question 19: Do you use environmental objectives in award criteria in the tender documents?

The GPP leaders use certifications of the applicant less, although they are easy to use. This is of interest because there is a debate about the use of certifications as an award criterion. In principle, they are requirements for technical and/or professional abilities of the suppliers and are so-called minimum criteria, to be used to select the supplier. The fact that the GPP leaders indicate this award criterion less may suggest that they have more professional purchasers, being more aware of the limitations imposed by the EU procurement Directives.

3.3.3.2 Use of SRPP award criteria

Figure 62: SRPP award criteria[107]

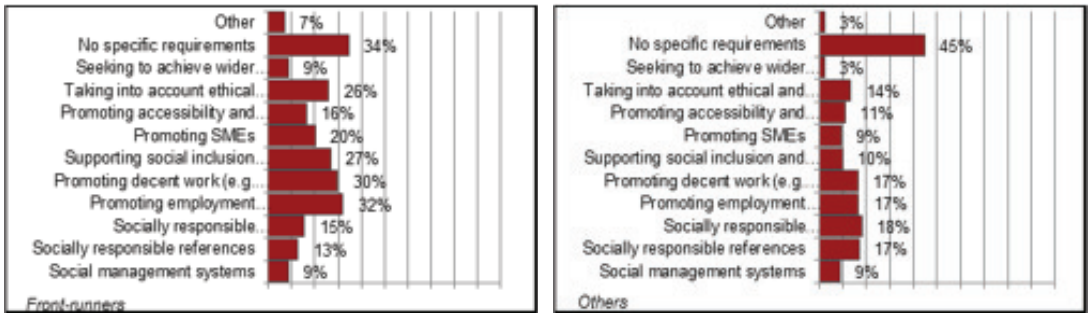


On the European level CAs use mostly award criteria for promoting employment opportunities and decent work. Only 4% of them use seeking wider voluntary adherence to CSR.

On the Member State level the SRPP front-runners more often use award criteria for promoting employment opportunities (32% vs. 17%), supporting social inclusion (27% vs.10%) and promoting decent work (30% vs. 17%). They make less use of requirements for certifications of the applicant (15% vs.18%).

[107] Survey question 24: Do you use social responsibility objectives in award criteria in the tender documents?

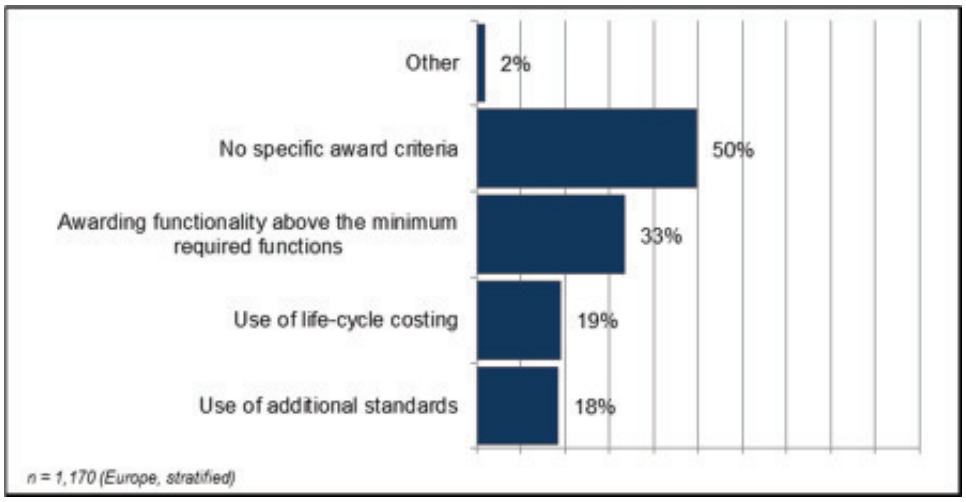
Figure 63: SRPP front-runners compared with other Member States



As with GPP certifications, the use of these certificates can create legal problems. In general professional procurers are aware of this, as the low rate may indicate.

3.3.3.3 Use of specific PPPI award criteria

Figure 64: PPPI award criteria[108]

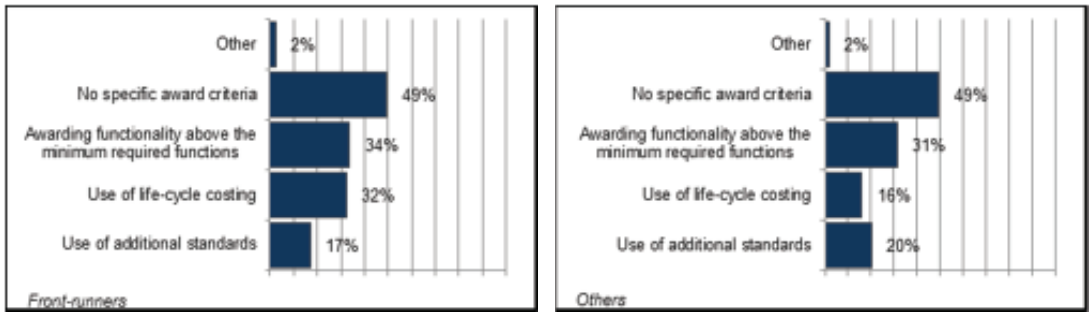


Surprisingly 50% of the CAs indicate that they sometimes[109] use no specific PPPI award criteria, while one would expect a CA to use the award criteria to award a PPPI contract. CAs mostly award functionality above the minimum required functions. Other award criteria used are life-cycle costing and additional standards.Very few other PPPI award criteria are used. It can only be assumed that the CAs don't use PPPI criteria but use general requirements-related award criteria instead, while 42% of the CAs use the EMAT and 28% use the award criteria to address PPPI.

[108] Survey question 29: Do you address innovation in award criteria in the tender documents?

[109] This is a multiple-choice question, so it cannot be concluded that 50% of the CAs never use specific award criteria

Figure 65: PPPI front-runners compared with the other Member States



On the Member State level the PPPI front-runners more often award functionality above the minimum (34% vs. 31%) and use life-cycle costing (32% vs. 16%). However, the other MS more often use additional standards as an award criterion (20% vs. 17%).

3.3.4 Structuring of tender specifications

The technical specifications section in a tender is the section where most of the GPP, SRPP or PPPI requirements are addressed.

A product/service-specific tender structure is crucial and a one-size-fits-all approach cannot accommodate the enormous variety of products and services procured.

These requirements can take one or more of the following five forms:

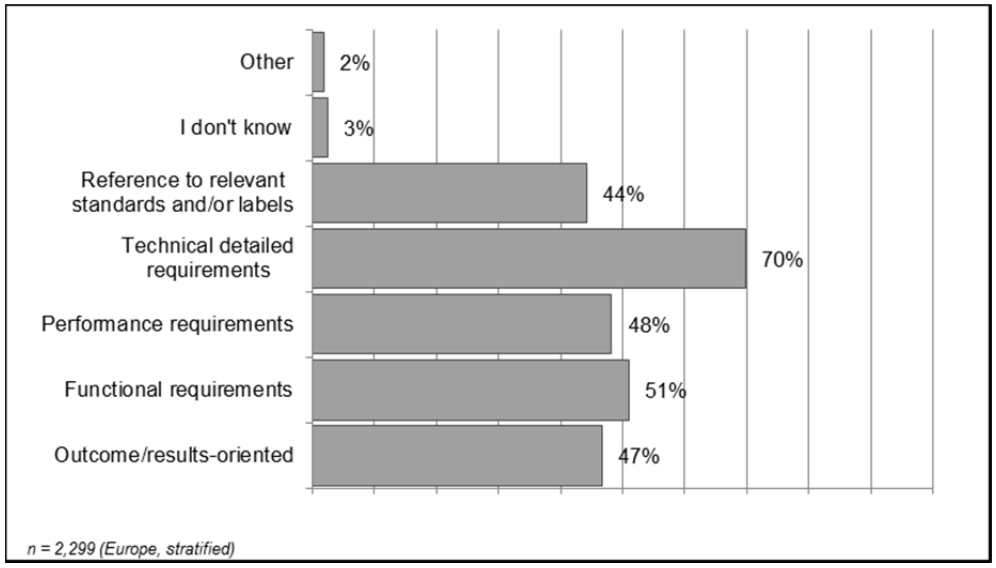
- *Outcome / results oriented*, describing the result of a contract, for example in the case of a bus service contract the requirement that the bus company should carry out a communication campaign to attract new passengers and that after the campaign 25% of all potential travelers must be aware of the bus service.
- *Functional requirements*, where the requirements are on such a level that the supplier can determine how he can make best use of his own products, intelligence etc. For example, in the case of the bus service, the amount of passengers that have to be transported, the routes and the minimal frequency of the service would be sufficient to describe the requested functionality. The supplier can then propose different types of busses or other means of transport. The European Union, in its "Buying Green" guidebook,[110] encourages the use functional requirements because it is expected to incentivize the market to use its creative and innovative potential and thereby produce innovative, sustainable and efficient results.[111]
- *Performance requirements*, describing the performance of a product, service or works, for example a bus may not use more than X liters of fuel and be able to carry Y persons.
- *Technical detailed requirements*, where the works, product or service is specified into great detail (including for instance specifications and amounts of materials to be

[110] European Communities 2004: Buying Green! A handbook on environmental public procurement.

[111] Functional specifications do also have disadvantages: a German procurement expert noticed that functional requirements are by nature imprecise and therefore make the procurement process vulnerable to lawsuits from losing parties. Another interviewee pointed out that experience and specific training are needed to structure the tender process according to functional requirements.

used)[112] or detailed requirements are used to specify interfaces between systems. For example: a bus must have a specific interface to communicate with the traveler information systems of the municipality or province.

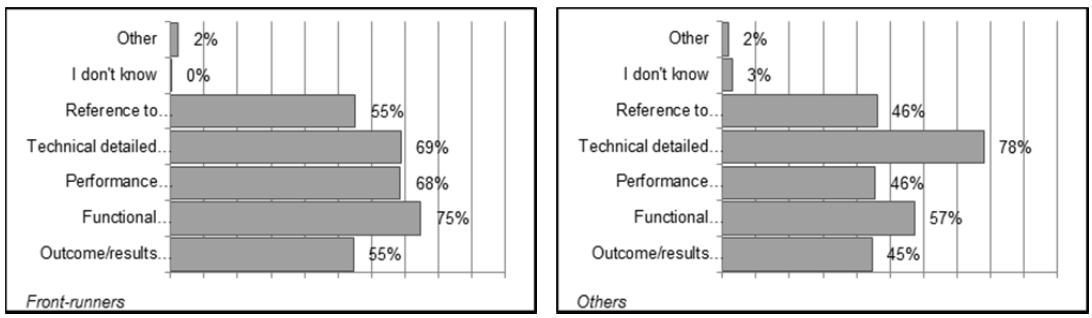
Figure 66: Use of structure of specifications[113]



The results from the survey show that CAs have a slight preference for the use of technical detailed specifications (70%). Functional requirements are used by 51%.

The overall front-runners (see Figure 67) indicate that they use more of the different forms, and favour the use of functional specifications (75%), where the other CAs favour the use of technical specifications (78%).

Figure 67: Use of structure by front-runners compared with the other Member States

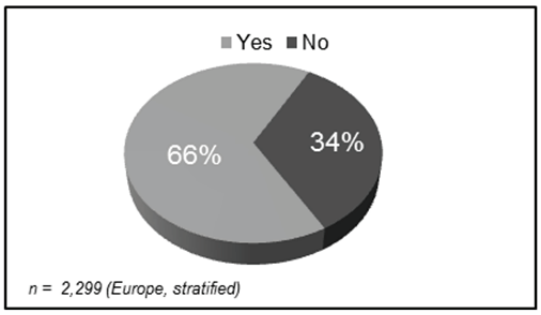


[112] Detailed technical specifications have the advantage that they minimize the element of surprise. In this approach procurement officers specify in great detail the desirable qualities that a product or service should have. It is therefore relatively clear what the offered products and services will look like. Due to the inherent rigidity of the specifications a supplier cannot use his most advanced technology, therefore detailed technical specifications are innovation-unfriendly.

[113] Survey question 12: How are your tender specifications usually structured? Since more than one choice was possible, the percentages do not sum to 100%.

3.3.5 Reasons for non-integration of other policy objectives

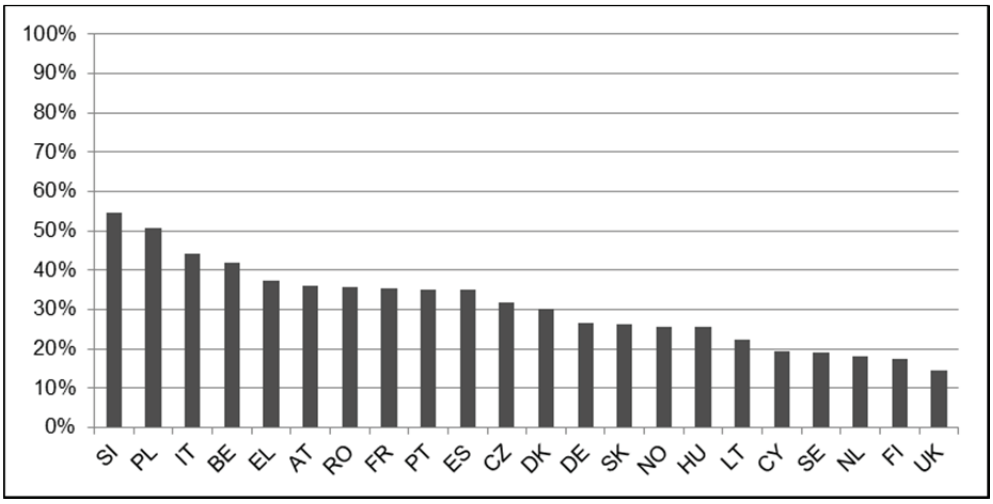
Figure 68: CAs not considering other policies[114]



Of the European CAs, 34% never consider GPP, SRPP or PPPI policy goals.

The main reasons for not considering any of the policy objectives are that they are not required by the end user (47%) and that the additional costs exceed the budget (29%). (see Figure 70) On the Member State level the differences between the countries are considerable.

Figure 69: CAs not considering other policies by Member States



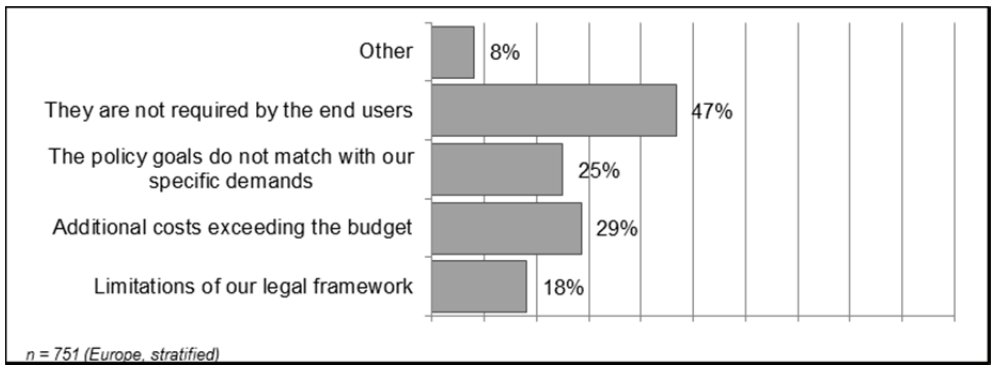
These differences are in line with those observed in awareness of the other objectives and the organizational uptake and tender uptake of these objectives. It is notable that even in Member States where the use of GPP is mandatory and/or targets have been set, a considerable portion of the respondents still indicate that they never consider any of the policy objectives. This is the case in, for instance, the Netherlands, where high targets for GPP have been set and 18% of the respondents indicate that they never consider any of the policies.

Most respondents in the qualitative interviews indicate that, even when a NAP is adopted and the policies have been implemented, it is often difficult to persuade the end users to include GPP, SRPP or PPPI requirements. End users are sometimes interested only in the functionality and technical aspects of the works, products or services being procured. On the political level, politicians don't want to bear the additional costs. One interviewee said that, if there is no pressure from the legislator, buyers will see no need to integrate policy objectives

[114] Survey question 14: What are the reasons for not considering those other policy goals?

in their tender procedures. The interviews show that the barriers confronting PPPI are high; end users and purchasers tend to avoid the perceived risks involved in PPPI.

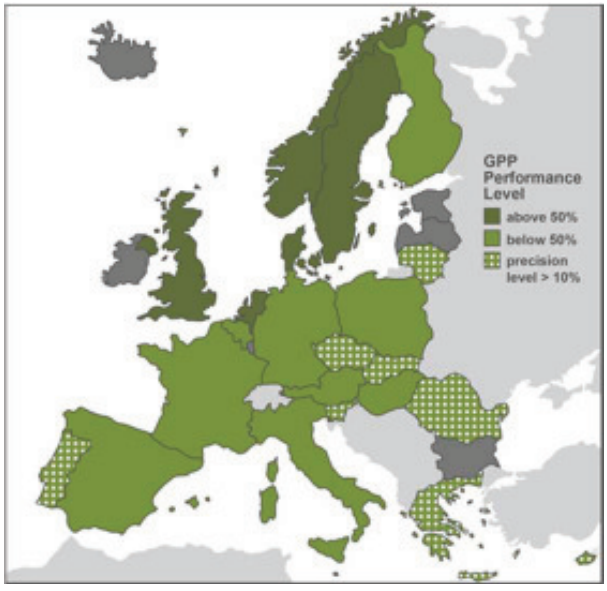
Figure 70: Reasons for not considering policy objectives



3.4 Summary

3.4.1 Green Public Procurement

Figure 71: GPP performance levels of Member States.



In general, the level of awareness of national policies on GPP is rather high in the EEA – 56% of the CAs participating in the web survey indicated that they were aware of them. Not surprisingly, the level of awareness corresponds by and large to the intensity of policies. This holds true especially for the front-runners, which have rates of 75–80% and above.

At the same time the level of awareness corresponds very closely with the level of the organizational uptake of the policies by the CAs. In most Member States the number of CAs applying at least one kind of organizational policy (procurement strategy, procurement regulations, procurement procedures, purchase conditions) is a little higher than the number indicating awareness, while the number adopting two organizational policies is generally lower than the number indicating awareness.

Again, it is the front-runners that display the most intensive adoption of organizational policies on GPP. Compared with other countries, the front-runners adopt mostly the "procurement strategy" followed by "procurement procedures". Other countries adopt mainly "procurement procedures" and "purchase conditions" and display a lower level of intensity than the front-runners.

A rather close match can be observed between the level of uptake of organizational policies and the performance of Member States in using GPP requirements in tender documents (in terms of both whether they are used and the frequency of their use). Of CAs, 64% make some use of GPP in tender documents. A correlation is evident between the use of the four approaches in organizational policies and the use of GPP requirements in tender documents: the more approaches that are implemented, the higher is the GPP performance rate.

The correlation analysis did confirm the hypothesis that there is a relation between awareness of a national policy and the organizational uptake and tender uptake. The more aware a CA is of the policies, the higher is the ultimate tender uptake.

The Netherlands, Sweden, Norway, the UK and Denmark, the front-runners in terms of policies and programmes as well as disseminating activities, are also the countries that most intensively use GPP requirements in their contracts. Finland, Germany and France also perform well. Austria, in contrast, which also has long-standing policies on GPP, does not reach the same level, though possibly because of greater statistical error in the Austrian data set.

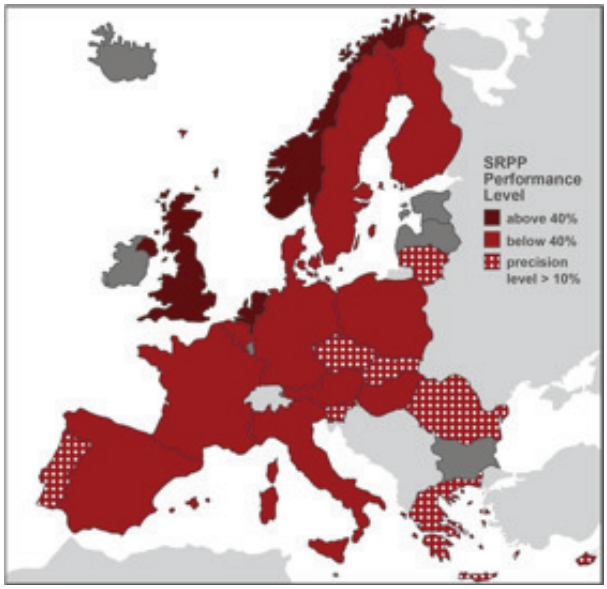
The GPP front-runners distinguish themselves from the others in the way they frame their tender documents. They have a more balanced approach to the use of the various tender sections. In their tender documents, they more often use the introduction, award criteria and requirements for technical and professional ability, while the other countries predominantly include the GPP requirements in the technical specifications. The way the front-runners use these various elements as well as technical specifications is possibly an indication that they are more confident in applying GPP, whereas those that use only technical specifications do so because the (minimum) GPP criteria have been predefined, and they are sure they are legally valid.

This confidence of the front-runners is also evident in the use of GPP requirements. They more often use requirements with regard to energy and water use and emissions to air and water. The other Member States use mainly requirements regarding certifications of the applicant and waste generation.

The front-runners apply mostly the same GPP award criteria as the others: certifications of the applicants, waste generation and consumption of energy and water. They use certifications of the applicant less than the others as an award criterion. This is of interest because, in principle, requirements for technical and/or professional abilities cannot legally be used as an award criterion as it is a so-called minimum criterion. The fact that the GPP leaders indicate it less may suggest that they have more professional purchasers, being more aware of the limitations imposed by the EU procurement Directives. Biodiversity is used by only 4% of the CAs as an award criterion.

3.4.2 Socially Responsible Public Procurement

Figure 72: SRPP performance levels of Member States.



Given that the policies are generally less elaborate, the share of CAs indicating they were aware of national policies on SRPP is rather high, at 39% of respondents. While it is difficult to discern Member States with strong SRPP policies in place, the results show that the front-runners on GPP are the front-runners on SRPP as well, with only Sweden slightly trailing behind.

As in the case of GPP, the level of awareness corresponds rather closely with the level of uptake of organizational policies. The leading countries here reach levels of above 69%. The approaches used for promoting SRPP are mostly the same as for GPP; only the procurement strategy and the procurement procedures have equal shares in the front-runners' organizational policies. A correlation is evident between the use of the four approaches in organizational policies and the use of SRPP requirements in tender documents: the more approaches are implemented, the higher is the SRPP performance rate.

The organizational uptake corresponds noticeably with the level of SRPP use in tender documents; that is, the more often CAs implement policies on SRPP, the more frequently do SRPP requirements find their way into the tender documents. There is, however, no particular correlation between some SRPP approaches and a higher level of use of SRPP in tender documents. Of CAs, 49% make some use of SRPP in their tender documents.

The SRPP front-runners show high rates of SRPP use in tender documents, though some other countries also show quite high rates. The country with the lowest share of contracts is France, which is surprising given the importance attached here to SRPP. Again, the possibility of statistical error should be kept in mind for those countries with lower response rates.

The pattern of how SRPP front-runners – namely, Norway, the UK and the Netherlands – use the various sections of tender documents is comparable with the practices of GPP front-runners. They use the sections in a more balanced way and also use each of the sections more often.

The SRPP front-runners use the introduction, subject matter sections and the award criteria more to address SRPP objectives. The other CAs use mostly the requirements for the technical and/or professional abilities of the bidder and the technical specifications.

The SRPP front-runners more often take into account ethical and fair trade issues, and requirements promoting decent work and employment opportunities.

As award criteria the SRPP front-runners use more often promotion of employment opportunities, supporting social inclusion and the promotion of decent work. Seeking wider voluntary adherence to CSR is used by only 4% of the CAs.

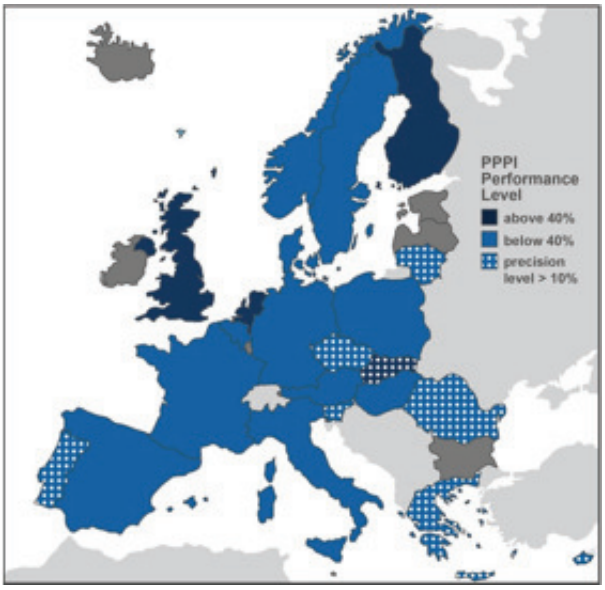
The correlation analysis did confirm the hypothesis that there is a relation between awareness of a national policy and the organizational uptake and tender uptake. The more aware a CA is of the policies, the higher the tender uptake ultimately is.

Not many Member States have adopted a NAP, and for that reason these relations are not certain.

However, a significant relation was found between the organizational uptake of GPP and that of SRPP. A similar relation was found between the tender uptake of GPP and that of SRPP. The desk research showed that SRPP is often integrated in the GPP policies.

3.4.3 Public Procurement Promoting Innovation

Figure 73: PPPI performance levels of Members States.



As there are no NAPs for PPPI it is striking that 18% of the CAs indicate that they are aware of a national policy. The results of the survey show that the UK, Finland, the Netherlands and Slovakia can be regarded as front-runners. They have put in place programmes for procurement of innovation (e.g. SBIR in the Netherlands, FCP in the UK and the OFU programme in Norway). Finland and Norway have given strong support to innovation through dedicated institutions.

As in the cases of GPP and SRPP, the level of awareness corresponds rather closely with the level of organizational uptake of PPPI policies by the CAs. The leading countries here reach levels of 30%–52%. A correlation is evident between the use of the four approaches in organizational policies and the use of PPPI requirements in tender documents: the more approaches that are implemented, the higher is the PPPI performance rate.

The organizational uptake and the tender uptake for PPPI show a different pattern from those for GPP and SRPP. The average tender uptake is on average twice the organizational uptake and in a number of MS it is between 100% and 300% higher. A possible explanation is that innovation is implicit as a result of user requirements.

The way SRPP front-runners – namely, the UK, Finland, the Netherlands and Slovakia – use the various sections of a tender document is not very different from the way the other countries do this. However, they use more of the various sections and also use them more often, specifically the introduction, subject matter and award criteria sections. The other countries predominantly use the technical specifications.

The PPPI front-runners more often award functionality above the minimum and use life-cycle costing.

There is a relation between the organizational uptake of GPP and that of PPPI and a rather significant relation between the tender uptake of GPP and that of PPPI. There is also a significant relation with the tender uptake of SRPP. This supports the observation from the desk research, where it was found that PPPI is often embedded in the NAP for GPP.

3.4.4 Cross-comparison

The front-runners that Chapter 2 identified for GPP, SRPP and PPPI are mostly the same as the front-runners that are identified in Chapter 3. The extent of the use of the policies in actual tendering proves that political and dissemination efforts do pay off.

It is clear that GPP is the most advanced policy in terms of awareness, organizational uptake and tender uptake. All member states have GPP NAPs in place. For SRPP and PPPI no NAPs exist, but the respondents indicate that they are aware of national approaches.

Correlations have been found indicating that the organizational uptakes of SRPP and PPPI are linked to the organizational uptake of GPP. The same is true for the tender uptakes of SRPP and PPPI. As many GPP NAPs do contain provisions for SRPP and PPPI, this not only clarifies the awareness of these national schemes for SRPP and PPPI but also explains why the tender uptakes of SRPP and PPPI are relatively high.

Clear facts support this. An analysis of the survey results show that 97% of the CAs that use SRPP in their tenders also use GPP, and 96% of the CAs that use PPPI in tenders also use GPP. Of the CAs that use GPP and SRPP in their tenders, 82% also use PPPI.

The relation between the organizational uptakes is slightly weaker: 80% of the CAs with an organizational uptake of SRPP have also implemented GPP in their organizational procedures. Of the CAs with an organizational uptake of PPPI, 76% have implemented GPP in their organization.

This again demonstrates that SRPP and PPPI policies are often included in GPP NAPs and GPP implementation.

The patterns of how GPP, SRPP and PPPI requirements are addressed in tender documents reveal more experience and expertise in the use of GPP than is the case for PPPI. The GPP front-runners show distinctly different patterns from the other front-runners. In the case of PPPI there is much less difference between the patterns of the PPPI front-runners and the others. The patterns for the use of SRPP are more similar to those for GPP.

All the SRPP front-runners, namely Norway, the UK and the Netherlands, are also GPP front-runners. Of the PPPI front-runners, both the UK and the Netherlands are also GPP front-runners.

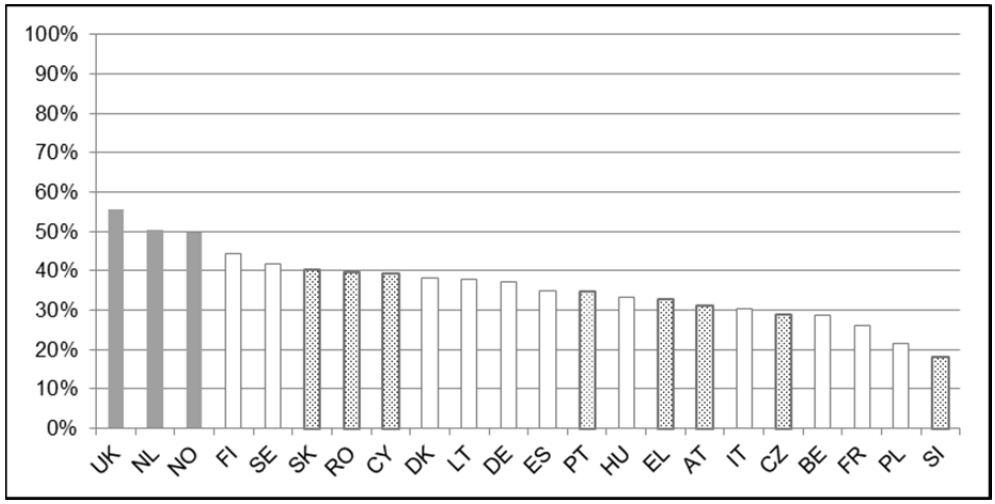
These countries were early starters with GPP, and this experience has most certainly contributed to their leading positions in SRPP and PPPI.

3.4.5 The overall front-runners

The GPP, SRPP and PPPI usage rates can be combined into a single overall usage rate. This rate will make it possible to identify the front-runners that excel in the use of all policies.

In sections 3.2.2, 3.2.3 and 3.2.4 leading Member States were identified for each of the other policies. The Member States that are leading overall can be determined in a similar way. The overall usage rate is based on the levels of use of the GPP, SRPP and PPPI requirements in actual tenders and the share of contracts with GPP, SRPP and PPPI requirements. The overall usage rate is the average of the use of the policy requirements and the share of contracts.[115] Figure 74 shows the overall usage rate for the 22 Member States. Three Member States – the UK, the Netherlands and Norway – are the overall front-runners, with overall usage rates of 50% or higher. This rating is in line with the findings in Chapter 2: the UK, the Netherland and Norway stand out on GPP, SRPP and (partly) on PPPI.

Figure 74: Relative overall usage rate



Note: The dotted bars indicate that the response of these countries is ≥ 30 with a margin of error ≥10%.

[115] The overall usage rate is defined as follows:

$$SPP\ performance\ rate = \frac{\alpha + \beta}{2}$$

In which:

$$\alpha = \frac{\%\ use\ of\ GPP\ requirements + \%\ use\ of\ SRPP\ requirements + \%\ use\ of\ PPPI\ requirements}{3}$$

$$\beta = \frac{\%\ GPP\ soc \geq 50\% + \%\ SRPP\ soc \geq 50\% + \%\ PPPI\ soc \geq 25\%}{3}$$

4 Effects of integrating other policy objectives in tenders

4.1 Introduction

The main objective of Chapter 4 is to identify the effects of GPP, SRPP and PPPI. More specifically, this part of the study report provides a thorough analysis and assessment of the following aspects:

- The effectiveness of GPP, SRPP and PPPI in influencing procurement outcomes in ways that contribute to the identified policy objective.
- The impact on the costs of projects/goods as well as on time frames for completion of work and possible long-term benefits.
- The impacts on the suppliers.
- The monitoring of effective compliance with the identified policy objective.

The main sources of insights into these aspects are the web survey and the interviews with procurements officers (see also Annexes IV and VI). Additionally, a complex procurement files analysis serves as further source of information on the first aforementioned aspect (see also Annex V). Interviews with selected suppliers were essential; their views on GPP, SRPP and PPPI are reflected in the report as well (see also Annex VI).

4.2 Effectiveness of other policy objectives in changing procurement outcomes

The main objective of this chapter is to analyse the actual impact of including policy goals in the tender on changing procurement outcomes and achieving the policy goals. Since few empirical data sets and studies can be drawn on, a procurement files analysis is used to gain some initial insight. To examine the effectiveness of each procurement policy separately, a distinction is drawn between GPP and SRPP policies. PPPI is assumed to have an impact on GPP and SRPP effectiveness as well as the actual procurement outcome, and was therefore modelled and analysed differently (see Annex IV).[116]

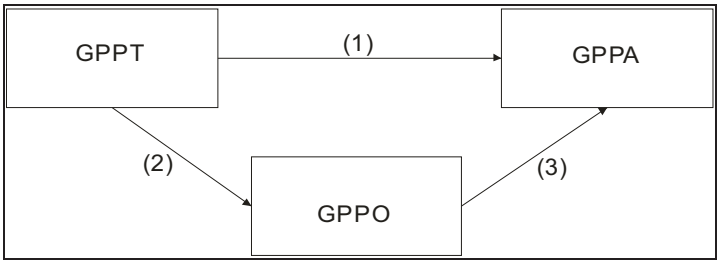
4.2.1 Effectiveness of applying GPP

The empirical findings clearly suggest that including environmental policy goals in the tender (GPPT) leads bidding suppliers to integrate the required environmental criteria (2) (see Figure 75). The impact of including environmental policy goals in the tender (GPPT) in changing the supplier's behaviour to greener offers is regarded as moderate. The inclusion of policy

[116] PPPI is modeled as a moderator variable.

goals in the offers (GPPO) is solely defined and influenced by the actual integration of GPP aspects in the tender by 36%. In other words, inclusion of policy goals in the tender influences the inclusion of those policy goals in 36% of the offers. That also means that other factors such as the company philosophy or specific product features affect the inclusion of policy goals in the offers by 64%.

Figure 75: Relationship among policy goals inclusion in the tender and in the offers, and policy goals achievement through the award with regard to GPP



The statistical analysis of the relationships among (1) including environmental policy goals in the tender (GPPT) and green policy goals achievement through the award (GPPA) shows that policy goals achievement through the award is moderately influenced by GPPT, whereas the impact of policy goals inclusion in the offers (GPPO) on GPPA is considered as strong. In other words, the integration of green criteria in the tender process influences offers directly (through (1)) and indirectly (through (2) and (3)) towards an environmentally friendlier outcome and thus represents an important determinant of policy goals inclusion through the award. The procurement process, which consists of the tender phase and the offer phase, influences actual green policy goals achievements through the award by 45%.

The influence potential of 45% reflects the fact that companies are aware of environmental policies and have progressed considerably in integrating environmental aspects spontaneously. Thus, many companies have integrated environmental management systems such as ISO 14001. Furthermore, some companies in the selected countries within procurement files analysis are familiar with the application of environmental certificates and labels. Accordingly, the analysis of procurement files shows that more than a quarter of the companies participating in the analysed tenders have implemented an environment management system.

The web survey results show that about 6% of public buyers said that they face difficulties receiving offers when integrating environmental friendly requirements in their tenders. Thus, the integration of environmental aspects into the offers goes without saying, as many companies have already implemented those certificates and labels concerning the protection of the environment in their technical data sheets. Also, many companies have made extensive efforts to reduce the energy consumption of both their processes and their products for cost-saving reasons. Further, e.g. intelligent packaging systems not only reduce waste generation but also contribute to minimizing packing material, thereby reducing costs. Consequently, factors such as the intrinsic motivation of companies can have a stronger influence than the impact of the procurement procedure on the award; and it also seems that policy goals with regard to GPP affect a ready and willing market (see also Chapter 4.5).

In view of the factors that support the effectiveness of including environmental policy goals in the tender (GPPT) in making outcomes more environmental friendly, it can be said that the choice of the procurement procedure has a positive effect. In detail, the analysis of the effect of the chosen procurement procedure shows that open procedures are the most suitable in increasing the impact of including GPP policy goals in the tender on the outcome. The public announcement informs many suppliers of the environmental requirements included in tenders, which are often used as exclusion criteria. Companies must meet the exclusion criteria in order to be considered as a potential candidate. Therefore, open procurement procedures can be seen as the most effective in encouraging the bidding market and the procurement

outcomes to be more environmentally friendly. In contrast, the different positioning of GPP criteria in tender documents shows a weak influence on changing the outcome through policy goals inclusion in the tender. It is reasonable to position environmental aspects in the parts of the tender that directly relate to the product or service put up for bid.

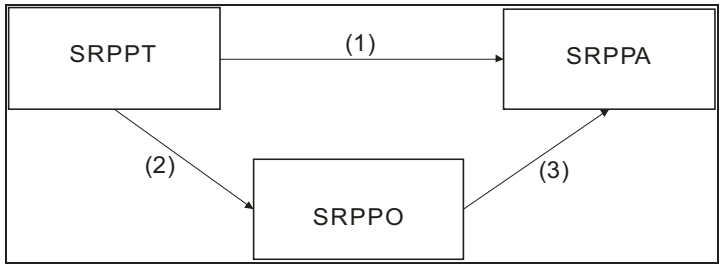
Further, it can be stated that the characteristics of suppliers derived from incoming offers have a strong and significant influence on the purchase of more environmentally friendly products through policy goals inclusion in the tender. This claim reflects companies' own environmental management systems and their intrinsic motivation. In contrast, no significant influence could be detected on the use of innovation indicators and the characteristics of the product. There could be several reasons for this. There may in practice be no such effect. Alternatively, the effect may be absent only within our sample due to the stratified sample size.[117]

In summary, the effect of integrating GPP policies in the tender on changing the procurement outcome is positively influenced by the chosen procurement procedure, the positioning of GPP aspects in the tender documents, and the existence of social and environmental management systems in companies that submit offers.

4.2.2 Effectiveness of applying SRPP

Analysis of the relationship between (2) SRPP policy goals inclusion in the tender (SRPPT) and SRPP policy goals inclusion in the offer (SRPPO) revealed that SRPP policy goals inclusion in the tender had a strong impact on policy goals inclusion in the offer (see Figure 76). Of suppliers' inclusion of socially responsible criteria, 59% is attributed to SRPP policy integration in the tender. The impact of policy inclusion in the tender on policy goals inclusion in the offers is far larger than that for GPP policies.

Figure 76: Relationship among policy goals inclusion in the tender (SRPPT), in the offers (SRPPO) and policy goals achievement through the award (SRPPA) with regard to SRPP



As for the influence of (1) SRPP policies inclusion in the tender in changing the outcome, it can be stated that, in contrast to GPP, the integration of SRPP policies is more effective in changing the procurement outcome and represents a major determinant of the achievement of policy goals through the award. The impact of (3) policy goals inclusion in the offers in changing the award is moderate, and much lower than the effect of SRPP policy goals inclusion in the tender (SPPT). The procurement process, consisting of policy goals inclusion in both the tender and the offers, makes the procurement outcome more socially responsible by 81%. That means, in practical terms, that the purchasing organizations have an outstanding potential to influence the procurement outcome by integrating social requirements into tender documentations. Other factors changing the award, such as indicators for intrinsic

[117] The sample size is stratified in terms of the selection of the contracting authorities, the selection of the product categories and the selection of the actual procurement files.

motivation, seem to play a subordinate role. It can be assumed that companies have progressed less with regard to SRPP policies than with GPP policies. For instance, most companies are not familiar with social management systems like SA 8000.

Further, the use of innovation indicators leads to an increase of the impact of SRPPT on the actual outcome. In other words, the application of innovation indicators such as functional specification and alternative offers to consider bidder's lead in innovation results not only in more innovative products being purchased but also in more socially responsible products within public procurement. The choice of the SRPP position in the tender documents shows a similar influence. The more indicators for SRPP are integrated in the different parts of the tender, the more socially responsible procurement outcomes are achieved. In particular, the inclusion of SRPP criteria in the part "requirements for technical and/or professional ability" shows a high correlation with the target effect of changing the procurement outcome.

With regard to SRPP, the characteristics of the product, especially the price and the product category to which it belongs, have a weak influence on changing the procurement outcome. Herein the measured influence of the purchase of material goods on the relationship between the inclusion of policy goals in tender documents and changing the procurement outcome is greater than the influence of the purchase of services such as in cleaning and sanitation. The reason is that services are primarily provided by companies within the country of the CA. In the countries analysed (Austria, Germany, the Netherlands and the United Kingdom) we can expect domestic companies to observe essential social criteria like compliance with human and labour rights. Foreign suppliers are more likely to submit offers for the purchase of material goods than for services. For example, we can assume that the labour standards of Asian countries are not on the level of those in the countries analysed within this study. Therefore, the integration of SRPP aspects is more important for material goods than for services. In contrast, no significant influence could be measured of the chosen procurement procedure, the characteristics of the supplier or the characteristics of the contracting authority. On the one hand this could be traced to the fact that there is no effect in practice. On the other hand it could result from the fact that such an effect is absent from our sample only because of the stratified sample size.[118]

As a result, it can be stated that the integration of SRPP polices through public procurement has an outstanding impact on achieving more socially responsible products and services, in both direct and indirect ways. It needs to be added that the policy objectives of SRPP and PPPI seem to be much less commonly and precisely defined than those of GPP (see section 2.2.1). However, this strong existing effect is noticeably increased by integrating innovative indicators. Moreover, the effectiveness of SRPP's influence is slightly greater for the purchase of material goods than for the purchase of services.

4.2.3 Effectiveness of applying PPPI

The effectiveness of integrating PPPI policies in the tender is analysed differently (as a moderator variable) from the effectiveness of GPP and SRPP policies since it can have an impact simultaneously on GPP and SRPP effectiveness and on the factual procurement outcome. Moreover, based on the documentation within procurement files, the outcome of PPPI is hardly determinable, in contrast to requirements mentioned in the tender.

While – as mentioned – the assessment of the influence of PPPI in relation to GPP policies integration does not show a significant effect, the integration of criteria for PPPI has a posi-

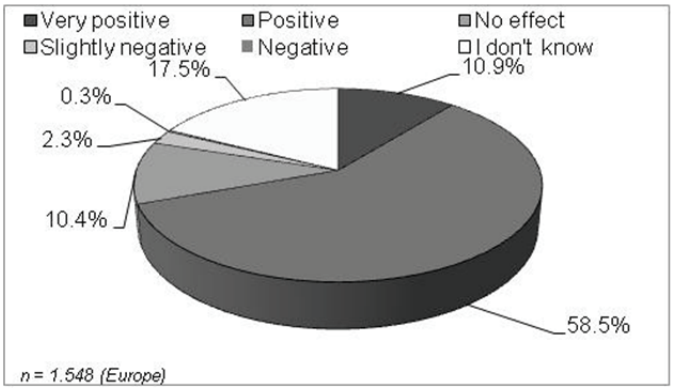
[118] The sample size is stratified in terms of the selection of the contracting authorities, the selection of the product categories and the selection of the actual procurement file (see Annex V).

tive impact on the effectiveness of SRPP policies. This means that the simultaneous inclusion of socially responsible criteria and the use of innovation indicators, such as the usage of standards within functional specification and the acceptance of alternative offers, lead not only to the procurement outcome being more socially responsible but also to more innovative products.

4.3 Effects of integrating policy goals in public procurement from the public buyers' perspective

While the procurement files analysis looked into documented files, the web survey portrays the experience of procurement experts from the public sector in integrating other policy objectives through public procurement. The overall web survey data show a strong tendency towards very positive and positive effects, as almost 70% of the survey participants have experience of the instrument of integrating policy goals in public procurement for achieving these policy goals (see Figure 77).

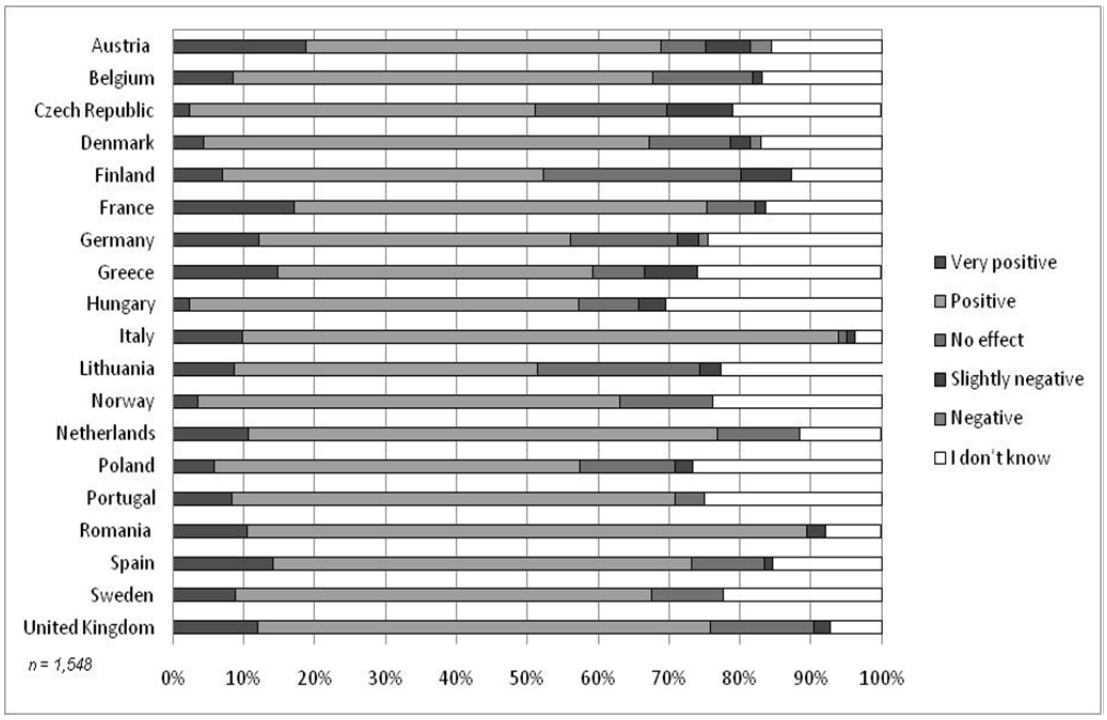
Figure 77: Effects of integrating policy goals in tenders on achieving these policy goals[119]



If we focus on the front-runner level, disaggregating the web survey data indicates positive and very positive effects of policy goals inclusion in the tender in achieving these policy goals, as between 63.1% (Norway) and 76.9% (NL) of the participants state positive and very positive effects. Most other countries present a similar picture. On average about two-thirds of the survey participants anticipate positive or very positive effects and in every country at least a majority of respondents hold this view. Italian respondents have particularly positive views, with over 90% approval. In contrast, CA officers from Austria and the Czech Republic are rather sceptical, with about 10% of the respondents there claiming even negative or very negative effects. By and large, however, the results of the web survey correspond with the findings of the procurement files analysis; GPP, SRPP and PPPI are not seen as having a very strong impact, but as a positive driver which contributes to the achievement of the respective policy goals.

[119] Question 34: What effect does the use of environmental, social responsibility or innovation promoting requirements in the call for tender have on achieving these policy goals?

Figure 78: Effects of integrating policy goals in tenders – country results[120]



[120] Only countries with statistically significant results (n ≥ 30) are taken into account.

4.4 Effects on procurement

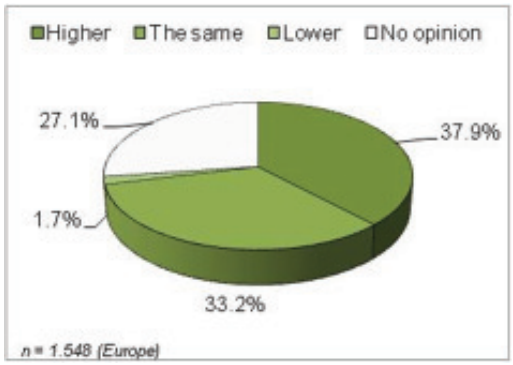
4.4.1 Cost effects

4.4.1.1 Green Public Procurement

The web survey results are not conclusive as to whether the costs of purchased products, goods or services rise or remain constant with the inclusion of environmental, social responsibility or innovativeness requirements.

On environmental requirements, 37.9% of the survey participants experience cost increases whereas costs remain constant for 33.2%. While nearly half of the participants from Lithuania, Latvia and Austria (57.1%, 57.1%, 56.3% respectively) indicate increasing prices for products, goods and services, nearly half of the participants from Finland, Norway and Spain (51.2%, 51.2%, 50.0% respectively) claim that there is no effect on costs if GPP requirements are used in calls for tenders. Of the participants, 1.7% state lower costs, whereas 27.1% of the participants have no opinion on this issue (see Figure 79).

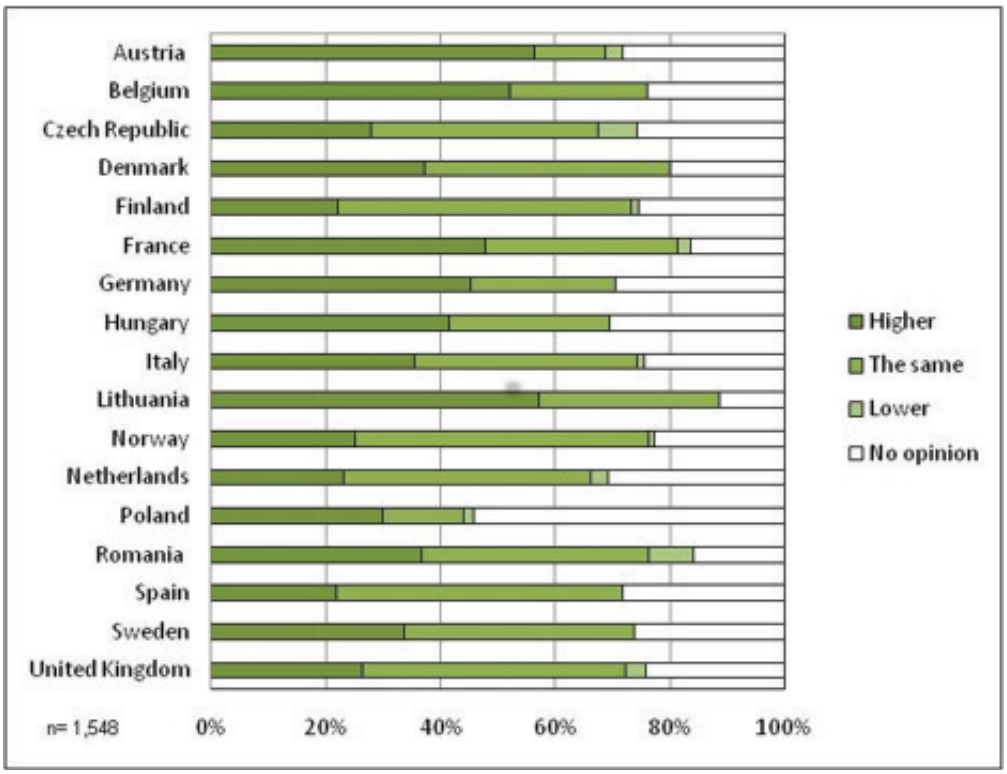
Figure 79: Cost effects of GPP[121]



With the exception of Denmark, it can be stated that procurement offices from the front-runner countries (DK, NL, NO, SE, and UK) hold a more positive view. Obviously, the more GPP is practiced the lesser the cost effects. While more than 40% of the respondents in these countries see no cost increase, on average fewer than 30% experience cost increases. However, even in the front-runner countries the potential for cost reductions is seen no more positively than in the other countries.

[121] Question 32: Are the costs of purchased products/goods/services higher, lower or the same when environmental, social responsibility or innovation promoting requirements are used? - using environmental requirements

Figure 80: Cost effects of GPP – country results



If the data on environmental requirements are disaggregated according to the different government levels involved (see Table 16), a more positive view emerges from the CAs from central government. Here, more procurement officers see no cost effects than see cost increases resulting from GPP; the opposite holds true for local governments. It is difficult to say whether that effect arises from the different products and services acquired, the larger number of products bought by central government, the better procurement procedures at this government level or other factors.

Table 16: GPP: Cost effects for different government levels

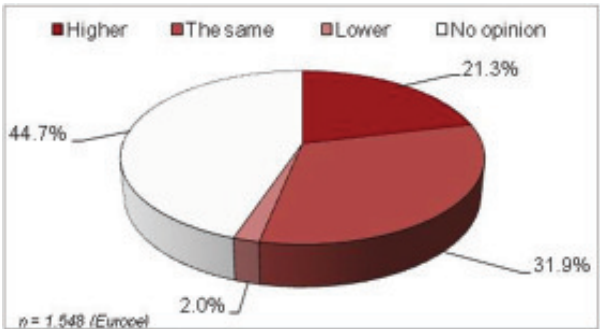
	Central government	Regional government	Local government	Other government
Higher	30,5%	29,9%	37,5%	34,7%
Lower	1,1%	0,0%	1,3%	1,6%
The same	38,9%	34,6%	30,7%	35,8%
No opinion	29,5%	35,5%	30,5%	27,9%

4.4.1.2 Socially Responsible Public Procurement

Social responsibility requirements are considered not to raise costs by 31.9% of the participants (with rather high values for Norway, Spain and the United Kingdom - 60.7%, 47.4%, 43.3% respectively) while 21.3% of all participants experience cost increases (notably Greece – 37.0%, Lithuania – 37.1% and Romania – 39.5%). The responses on the cost effects of social responsibility requirements show a light tendency towards costs staying constant. Cost decrease as a possible effect is indicated only by a minority of respondents

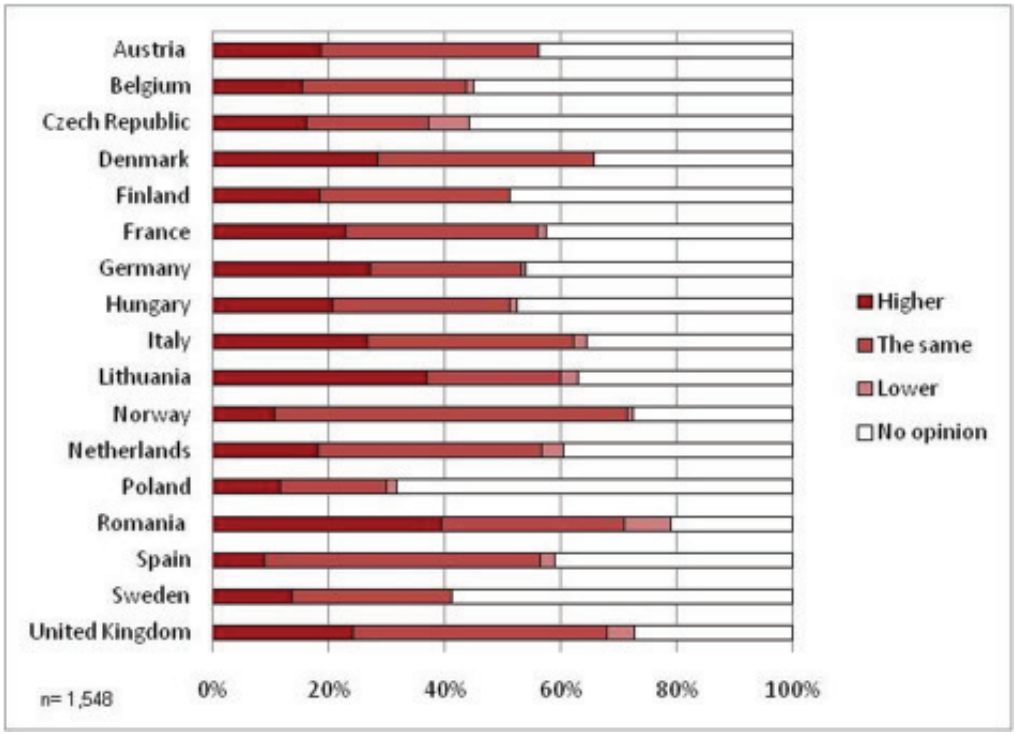
(2.0% of all responses), whereas almost half of the participants have no opinion on this issue (see Figure 81).

Figure 81: Cost effects of SRPP[122]



While the percentage of respondents who experience no cost increase for SRPP is about the same as for GPP, the percentage of respondents who choose the answer “higher costs” is substantially lower. Given that the GPP market is far better developed, this result is rather surprising. One possible reason is that SRPP requirements in general are less stringent, since so far only a few product criteria exist and therefore they might have fewer cost implications.

Figure 82: Cost effects of SRPP – country results



[122] Question 32: Are the costs of purchased products/goods/services higher, lower or the same when environmental, social responsibility or innovation promoting requirements are used? - using social responsibility requirements

A comparison of the front-runners on SRPP as established in Chapter 3, namely Norway, the Netherlands and the UK, shows that the values for contracting authorities in the UK are slightly above the average, while Norway and the Netherlands have lower rates. At the same time the UK has the highest percentage of web survey participants that experience cost decreases. Again the conclusion might be drawn that increased use of SRPP reduces the negative cost implications – though in principle it could also be the other way around (i.e. lower cost for SRPP leads to more CAs active in that field).

If the data are disaggregated according to the different levels of authorities involved, they show a slight tendency toward no cost effects for participants at the central and regional levels too (see Table 17). Basically, the same pattern is found here as for GPP.

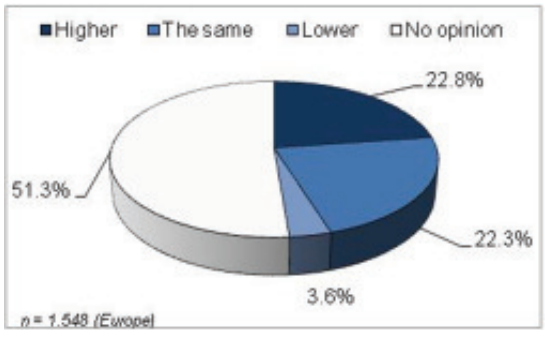
Table 17: SRPP: Cost effects for different government levels

	Central government	Regional government	Local government	Other government
Higher	15,8%	15,0%	22,7%	18,7%
Lower	3,2%	0,9%	1,3%	2,8%
The same	31,6%	36,4%	28,6%	30,2%
No opinion	49,5%	47,7%	47,4%	48,2%

4.4.1.3 Public Procurement Promoting Innovation

With regard to innovation requirements, 22.8% of the survey participants indicate cost increases, including participants from Romania, Estonia and Greece (42.1%, 41.7%, 40.7%), while nearly the same percentage of responses, 22.3%, has constant costs, including participants from the United Kingdom, Finland and Spain (42.2%, 34.9%, 34.6%), who state that there will be no cost effects, if PPPI requirements are used in calls for tenders. Of the participants, 3.6% state lower costs, whereas half of the participants have no opinion on this issue (see Figure 83).

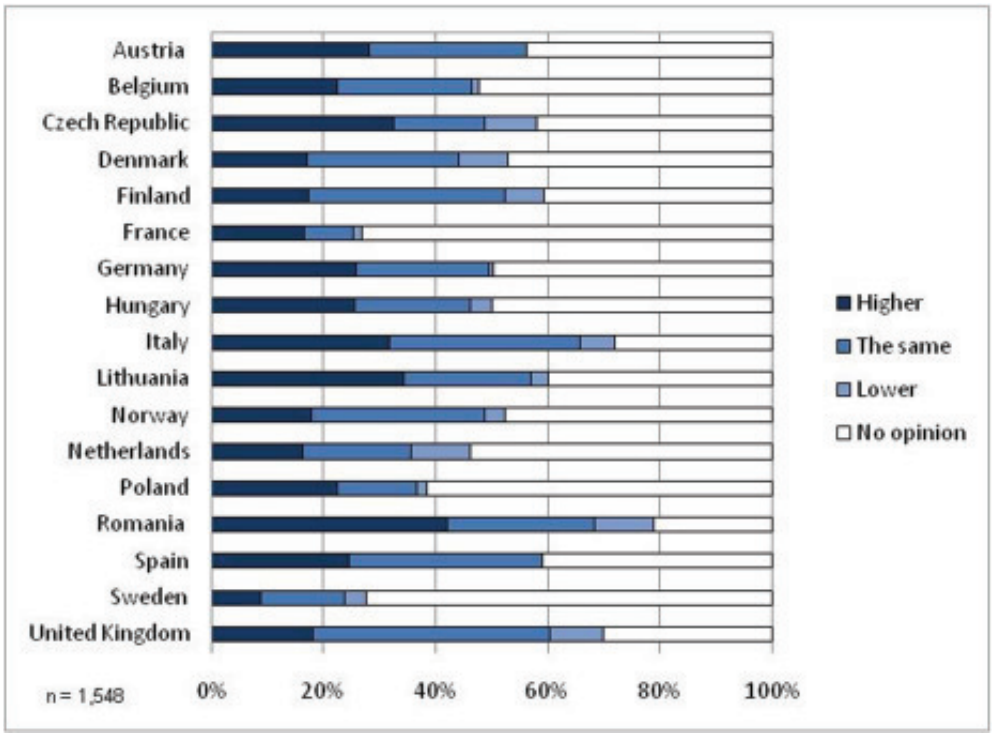
Figure 83: Cost effects of PPPI[123]



[123] Question 32: Are the costs of purchased products/goods/services higher, lower or the same when environmental, social responsibility or innovation promoting requirements are used? - using innovation promoting requirements

Although the number of participants who expect cost reductions is higher for PPPI that for GPP or SRPP, it remains relatively low. This small percentage is all the more surprising since PPPI should not only result in improved goods and services, but also in lower cost – at least over the long run. It might be the case that the respondents rather emphasized the short term view.

Figure 84: Cost effects of PPPI – country results



Again the numbers confirm that the CAs in the front-runner countries (Finland, the Netherlands, and the United Kingdom) have a more positive view than their counterparts in the other countries. On average only 17.3% of contracting authorities in the front-runner countries opt for cost increases, while 9.1% expect cost decreases.

Disaggregating the data according to central, local or other government levels does not influence the general picture (see Table 18). A slight tendency towards cost staying constant can be identified on the regional level.

Table 18: PPPI: Cost effects for different government levels

	Central government	Regional government	Local government	Other government
Higher	21,1%	15,9%	21,1%	23,2%
Lower	3,2%	2,8%	2,9%	3,3%
The same	20,0%	32,7%	19,5%	25,1%
No opinion	55,8%	48,6%	56,5%	48,5%

If we look at the broader picture, though GPP, SRPP and PPPI are mostly not regarded as cost drivers, a substantial number of procurement officers see cost implications. Several reasons for this emerged in the interviews with procurement experts.

Cost of certification: As GPP and SRPP requirements in particular rely on standards and labels for verification, the costs of certification may increase costs for suppliers and result in higher prices that public authorities have to pay in purchasing goods and services, according

to an expert from Germany. Certification costs are transaction costs resulting from the (formal) requirements suppliers will have to meet in order to receive contracts from procuring agencies.

Several examples of the intensive use of certificates are provided in the country fiches (see Annex I). In Germany, for example, the Action Plan for the Integrated Energy and Climate Programme (Action Plan IEKP), the subsequent administrative provision as well as the Action Plan of the Federal Government on the Utilization of Renewable Resources (Action Plan NaWaRo) recommend the use of eco-labels and certificates. The Programme of Sustainability Measures has been adopted by the State Committee for Sustainable Development and calls on federal ministries, authorities and departments to orient procurement in light of the principles of sustainable development, requiring among others to use when possible the criteria of the Blue Angel (Blauer Engel) eco-label or the European eco-label, Energy Star or other comparable eco-label or standards in tenders. In Austria, according to the national Action Plan on Sustainable Public Procurement (SPP NAP), core criteria based on the EC's GPP Toolkit and nationally elaborated criteria lists shall be applied, explicitly stipulating inter alia eco-labels and supplier certification (e.g. EMS). In Italy a Management Committee (Comitato di Gestione) is charged with the implementation of the GPP NAP. The GPP NAP is coordinated by the Ministry of Environment (Ministero dell' Ambiente). The main tasks assigned to the Committee are inter alia formulating proposals for research and further investigation into the use of supply chain eco-labels. Dutch SRPP criteria are also based as much as possible on existing national and international agreements (such as the fundamental ILO conventions and the Universal Declaration of Human Rights) and labelling systems (such as FLO and Fair Wear) (see Annex I, Netherlands fiche). Further, the UK government's timber procurement policy requires procuring timber and wood-derived products that originate from either legal and sustainable or Forest Law Enforcement, Governance and Trade (FLEGT)-licensed or equivalent sources (see Annex I).

Capacity building: Given the complexity of GPP/SRPP/PPPI requirements, suppliers will need to build or buy costly specialist knowledge in order to understand and meet the requirements for public tenders.

Decreased competition: According to experts from Germany, there might be a decrease in competition in the short run because some suppliers are unable to verify compliance with the requirements (see also section 4.4.2). This might in turn result in higher prices for the public procurer.

Faulty application by public "users": As public buyers are often not typically the product users, greater awareness and training efforts are needed to optimize GPP efforts (Siemens 2003, p. 54). According to an expert from Germany, if the products purchased are not applied according to their proper user specifications, possible gains in, for example, energy efficiency may, according to the authorities interviewed, fail to materialize – and thus offset long-run price efficiency. Proper application, in consequence, requires extensive and costly training and instruction (expert from Austria). The same arguments are made by a supplier: "We sell the product and then, they (the public buyers) don't set it up in a way that maximizes the energy saving."

In the long run, several factors might work to offset cost-increasing short-term effects of GPP/SRPP/PPPI requirements in order to keep overall cost constant.

Increasing competition: As certified adherence to GPP/SRPP/PPPI requirements produces a clear competitive advantage, private companies will increasingly seek certification. In the long run, this will result in increased competition and declining prices. As a positive (and most likely intended) side effect, the standards implied in the respective GPP/SRPP/PPPI requirements will be promoted.

Lower life-cycle costs/total costs of ownership: The Life Cycle Costing (LCC) method considers the total cost of ownership and enables purchasers to see that potentially higher

purchase prices for GPP-compliant goods or services might then be seen to amortize over time. The use of the LCC method is legally required in Norway for GPP (DG ENV 2010, pp. 5 and 15). A number of public authorities interviewed, including from Germany and Austria, already apply this method in order to anticipate long-run costs. When life-cycle costs are taken into account, a green product may be cheaper than a non-green product due to decreased costs at other stages of the life cycle – for example, energy-efficient computers have lower operating costs through decreased energy use – which could compensate for higher purchase prices (PWC 2009b, p. 23).

The country overview in Annex I contains a number of examples of initiatives in different countries which aim to stimulate the use of LCC. For example, in Germany, the Action Plan IEKP as well as the Action Plan NaWaRo recommend the LCC method. One main objective of the procurement-specific measure of the Action Plan IEKP is to relieve the budget. Furthermore, in cooperation with the Bundesministeriums für Umwelt, Naturschutz und Reaktorsicherheit (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, BMU), the Umweltbundesamt (Federal Environment Agency, UBA) continuously develops and provides a guidance tool on life-cycle cost calculation (GPP Information and Networking Platform). The use of the LCC method is also mentioned in the Resolution on strengthening innovation orientation in public procurement, whereby the six collaborating ministries committed themselves to identifying procurement areas for innovative goods (i.e. reduced emission vehicles) and to delivering demand forecasts. Furthermore, their subordinated CAs are considering the LCC method in tender assessments.

Austria's SPP NAP states that total costs of ownership (TCO) and external costs shall be considered. In order to build knowledge on SPP cost-effectiveness, the SPP NAP recommends examining which product groups are more costly to purchase sustainable and which are associated with cost reductions. Expert groups are to be set up to solve budgetary issues and to elaborate social criteria for public procurement. Furthermore, core criteria of the SPP NAP are based on the EC's GPP Toolkit, and nationally elaborated criteria lists shall be applied, explicitly mandating, among others, consideration of life-cycle costs. In contrast to Germany, a slight tendency towards no cost effects could be stated for the web survey answers given by Austrian participants.

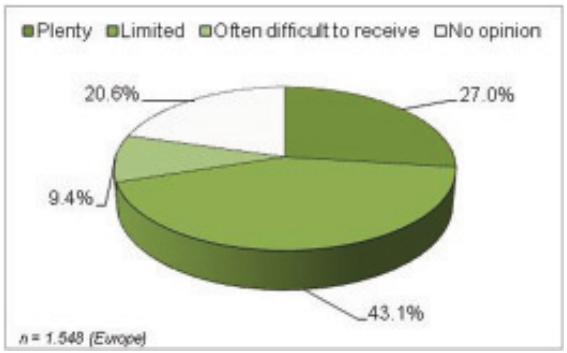
4.4.2 Product availability

This section focuses on the results of the number of offers received if GPP/SRPP/PPPI requirements are included in calls for tenders.

4.4.2.1 Green Public Procurement

Of the participants, 43.1% argued that they usually receive a limited number of offers, but are able to purchase what they need in the event that environmental standards are imposed. 27% of the survey respondents state that they always receive plenty of offers, while 9.4% have difficulties receiving offers, but are able to purchase what they need (see Figure 85).

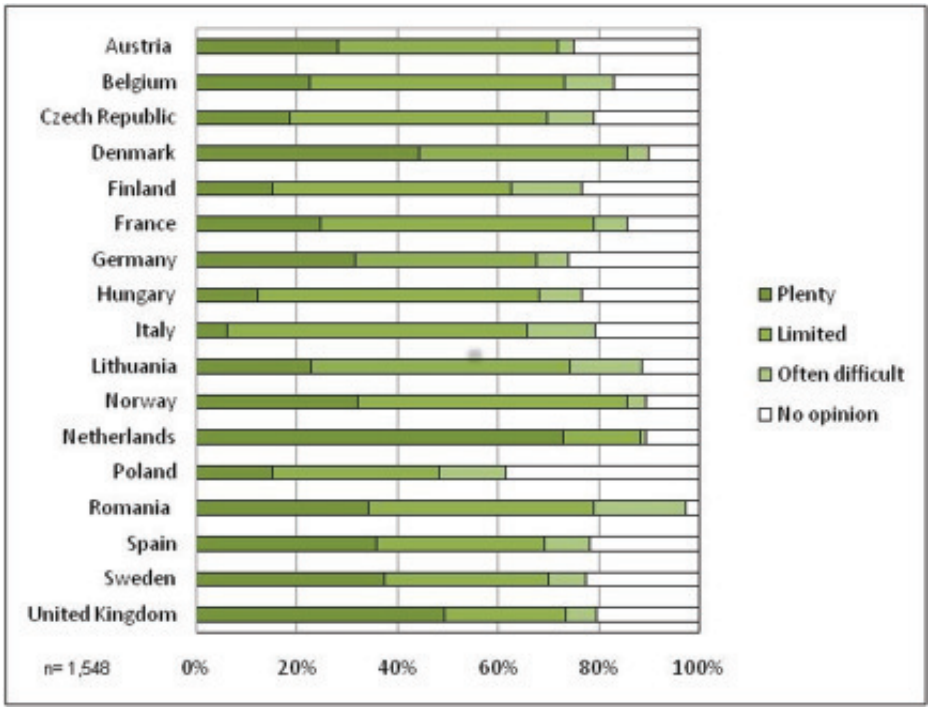
Figure 85: GPP and product availability[124]



The front-runner countries on GPP distinguish themselves neatly from the other countries. They are clearly above the average – mostly even far above the average – with respect to respondents who state that they receive plenty of offers and, in line with that, only a few respondents from these countries claim that they face difficulties in receiving enough offers.

The results by and large confirm the point of view that markets are accustomed to providing environmentally-friendly goods and that the increasing GPP activities of public authorities go hand in hand with market development.

Figure 86: GPP and product availability – MS results



The overall data reveal no clear tendency with respect to government levels, though the situation seems to be clearer for central government contracting authorities (see Table 19).

[124] Question 31: Do you receive a sufficient amount of offers when you want to purchase products or services? - using environmental requirements.

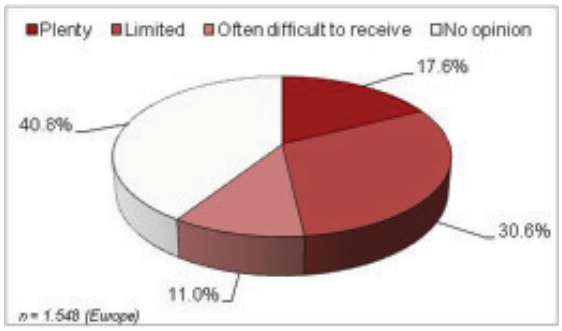
Table 19: GPP: Product availability for different government levels

	Central government	Regional government	Local government	Other government
Plenty of offers	33.7%	25.2%	27.6%	25.1%
Limited offers	32.6%	40.2%	42.4%	43.1%
Difficult to receive offers	8.4%	10.3%	8.9%	9.1%
No opinion	25.3%	24.3%	21.1%	22.7%

4.4.2.2 Socially Responsible Public Procurement

On social responsibility requirements, 30.6% of the answering survey participants indicate that these usually limit the number of offers received – but they are still able to purchase what they need. In contrast, 17.6% of the respondents receive plenty of offers. A comparably smaller proportion (11%) indicates difficulties in attracting offers. Far more respondents than for GPP do not have an opinion on the issue (see Figure 87). Overall the situation is thus clearly worse than for GPP.

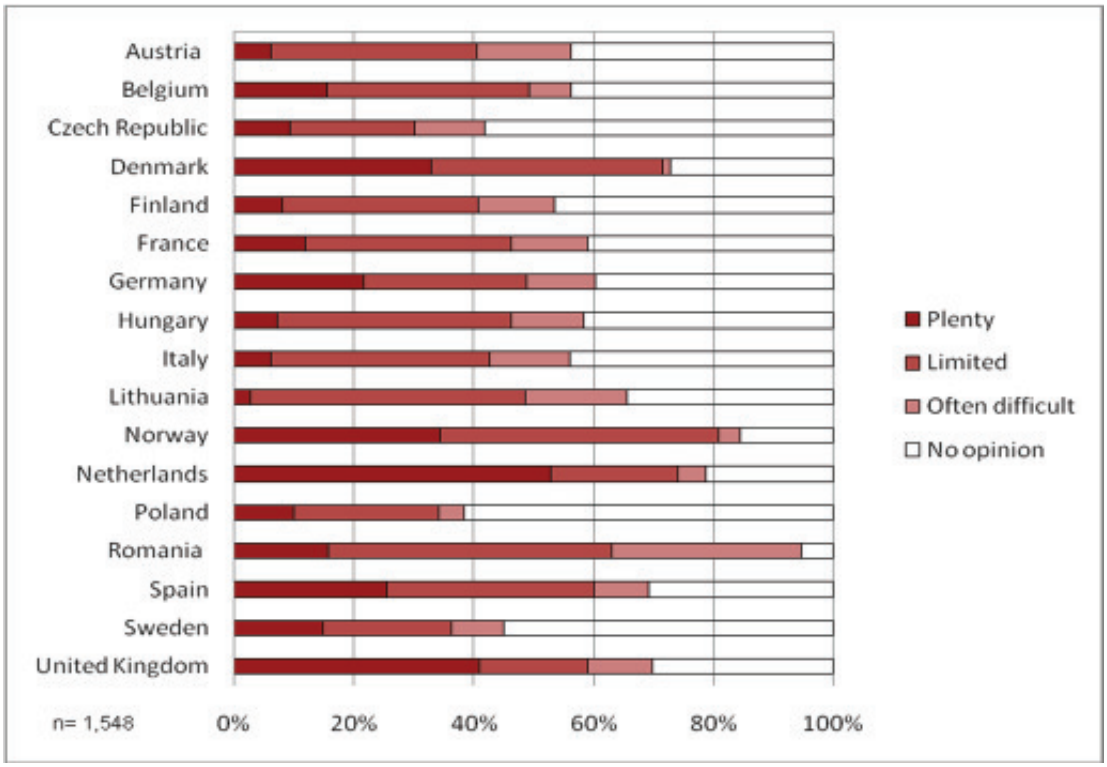
Figure 87: SRPP and product availability[125]



Again, the front-runners on SRPP present a better picture, though that holds true for only two of the three. The UK and the Netherlands have far better values and are in front of all the Member States, while Finland is slightly behind the average. Respondents from Romania, who already judged the situation as being most unfavorable in the case of GPP, express an even more pronounced view this time. About one third of the respondents here experience difficulties in receiving enough offers when they apply SRPP.

[125] Question 31: Do you receive a sufficient amount of offers when you want to purchase products or services? - using social responsibility requirements.

Figure 88: SRPP and product availability – MS results



Taking into account the different shares of answers with "no opinion", there is a clear tendency regarding central government relative to local governments. Central government CAs face fewer difficulties with respect to product availability than their regional counterparts and even fewer compared to their local counterparts (see Table 20).

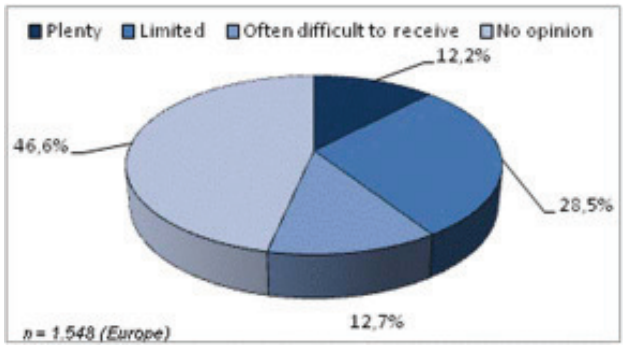
Table 20: SRPP: Product availability for different government levels

	Central government	Regional government	Local government	Other government
Plenty of offers	18.9%	19.6%	17.2%	17.3%
Limited offers	27.4%	30.8%	30.5%	29.0%
Difficult to receive offers	6.3%	12.1%	11.7%	10.5%
No opinion	47.4%	37.4%	40.6%	43.1%

4.4.2.3 Public Procurement Promoting Innovation

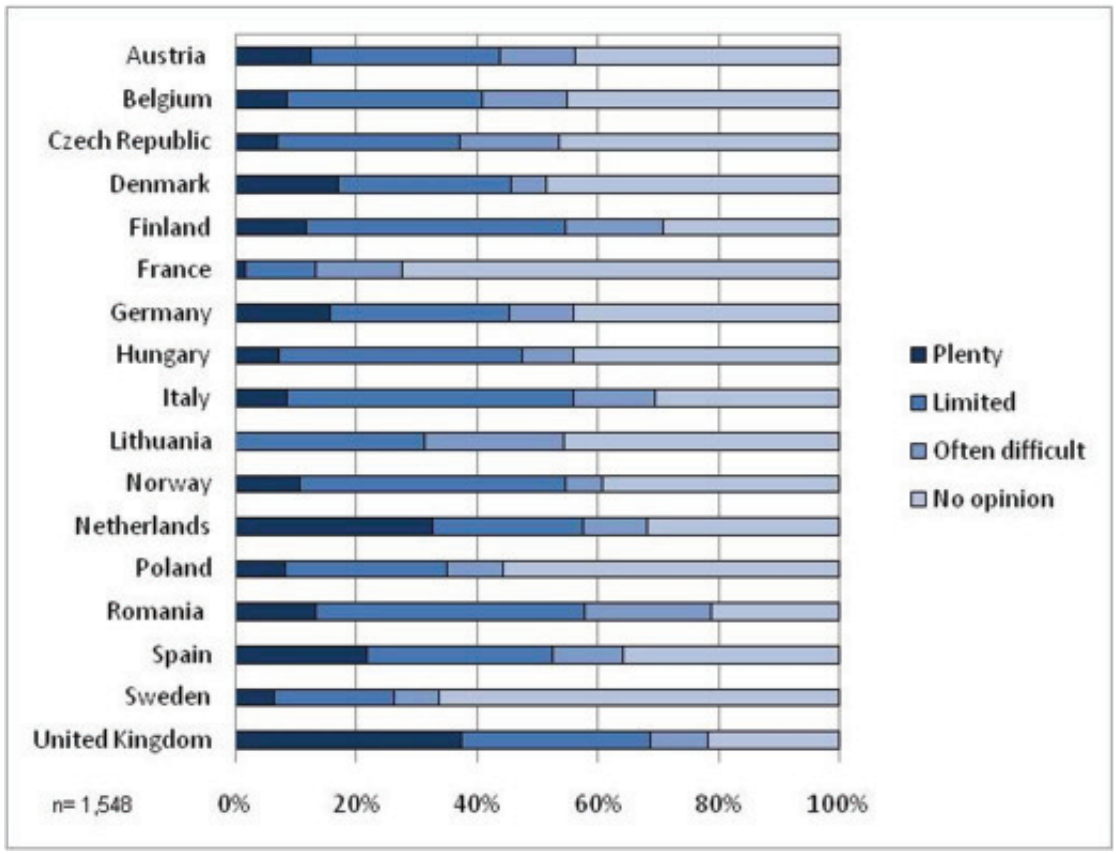
When innovation requirements are included, 30.6% respond that they usually receive a limited number of offers, but are able to purchase what they need. Only 12.2% state that they always receive plenty of offers when innovation-promoting requirements are included in calls for tenders, while about the same number of respondents explain that they have difficulties attracting offers. Almost half of the participants do not have an opinion on this issue, which is even more than for SRPP. The general picture for PPPI is once again worse than the situation for SRPP (and even worse than for GPP).

Figure 89: PPPI and product availability[126]



Again, the Netherlands and the United Kingdom stand out against the other countries with relatively far more web survey participants who answered that they receive plenty of options. The third front-runner country on PPPI, Norway, does not distinguish itself clearly from the other countries.

Figure 90: PPPI and product availability – MS results



[126] Question 31: Do you receive a sufficient amount of offers when you want to purchase products or services? - using innovation promoting requirements.

With respect to government levels, no clear tendency can be discerned. Once again, though the central government CAs experience fewer problems than those in other levels of government. (see Table 21).

Table 21: PPPI: Product availability for different government levels

	Central government	Regional government	Local government	Other government
Plenty of offers	13.7%	16.8%	8.9%	10.8%
Limited offers	17.9%	29.0%	29.9%	34.4%
Difficult to receive offers	15.8%	10.3%	13.0%	11.2%
No opinion	52.6%	43.9%	48.2%	43.6%

The interviews provide evidence of the trend towards a reduction in the number of offers received, citing several reasons for that:

Decreased competition: Public buyers interviewed from Germany and Italy as well as a supplier interviewed argue that with the introduction of new requirements based on GPP/SRPP/PPPI standards, a number of suppliers will struggle to comply. At least in the short run, this will lead to a decline in the number of bidders responding to public calls for tender.

Unwillingness to innovation: GPP/SRPP/PPPI compliance frequently requires technologically novel and integrated products which demand innovativeness in supplying enterprises, procurers and end users. Public procurers (according to an expert from Italy) find it in some cases difficult to persuade suppliers to give up their established range of offers and implement the innovative solutions required.

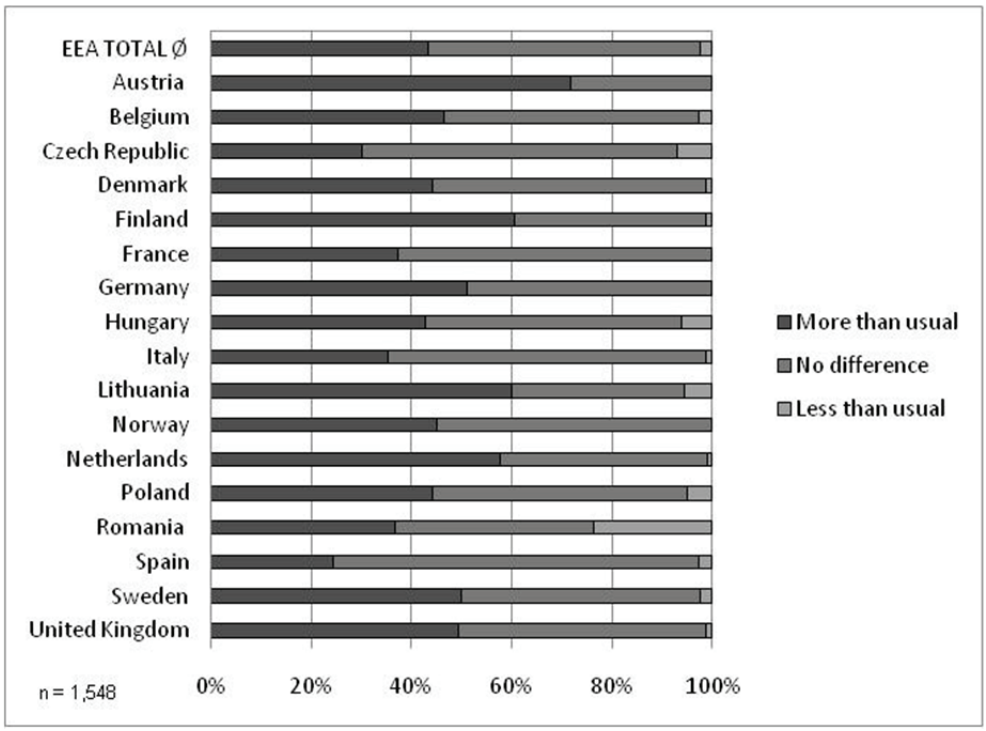
On a different note, it has to be mentioned that most of the public authorities interviewed (e.g. from Austria, the UK, and Germany) see quality aspects of products and services purchased as the primary objectives. Despite receiving fewer offers when including GPP/SRPP/PPPI in calls for tenders, many experts interviewed stated that taking these aspects into account leads to an improved quality in the products, goods or services purchased, especially technical products, which are technically and environmentally better than “normal” ones.

4.4.3 Time frame

The survey does not present a clear-cut result with regard to the time effects if environmental, social responsibility or innovativeness requirements are included in calls for tenders. Of the survey participants 54.1% indicate no effect on the procurement procedure, while nearly the same percentage (43.3%) notices that the procurement procedure is more time-consuming than usual. The effect of reduced time consumption appears not to be significant (see Figure 91).[127]

[127] Outstanding here and in the following (the two issues: complexity and risk) are the far more positive answers by respondents from Romania – for no apparent reason.

Figure 91: Effect on the time frame by Member States[128]



Answers vary widely between the various countries. While more than 70% of the Austrian respondents indicate lengthier procedures, more than 70% of the Spanish respondents see no negative time implications. No clear tendency emerges from the front-runners on GPP, SRPP, and PPPI either. While different approaches to GPP, SRPP or PPPI could in theory explain the differences, no correlation could be determined between particular countries' preferences for approaches to GPP, SRPP or PPPI and estimated time effects.

A tendency towards no time effects can be observed on the central government level, whereas local governments see it the other way around. Again, a higher frequency of purchasing and a higher purchasing volume might play a role in the different pattern for central government CAs.

Table 22: GPP/SRPP/PPPI: Time frame for different government levels

	Central government	Regional government	Local government	Other government
More than usual	34,7%	37,4%	50,5%	45,7%
No difference	62,1%	57,9%	46,6%	52,5%
Less than usual	3,2%	4,7%	2,9%	1,9%

The interviews provide a number of reasons for greater time consumption than usual when including GPP/SRPP/PPPI requirements.

[128] Question 33: What are the effects on the procurement procedures when environmental, social responsibility or innovation promoting requirements are used in the call for tender? – time frame.

Training aspects: As a particular aspect of implementing GPP/SRPP/PPPI standards, personnel have to be instructed and trained to properly apply the new standards. Many EEA countries have run capacity-building projects and developed training material (see Chapter 2 and Annex I). Depending on the extent of such initiatives, these training activities will subtract at least some time from the CA officers' time budget.

Pre-tendering explorations: For large contracts, some public authorities introduce pre-tender explorations to determine market conditions and the range of products on offer (mentioned by an expert from the UK).

Increasing demands on bidding: The documentation that prospective suppliers require is increased by the proliferation of GPP/SRPP/PPPI standards. The direct preparation of an offer consumes more time than usual and thus causes longer procedures.

More complex tendering procedures: Interviewed experts from Austria and Italy argue that the procurement process is lengthened as specifications for the requirements have to be determined. Additionally, the offers have to be compared and evaluated according to the specifications. The more requirements are considered in calls for tenders, the more time is consumed in the selection and awarding processes.

Monitoring: For particular requirements the winning contractor has to prepare a plan for implementation during the period in which the work is being carried out. This is checked and monitored by the contract adviser – in effect increasing his or her workload.

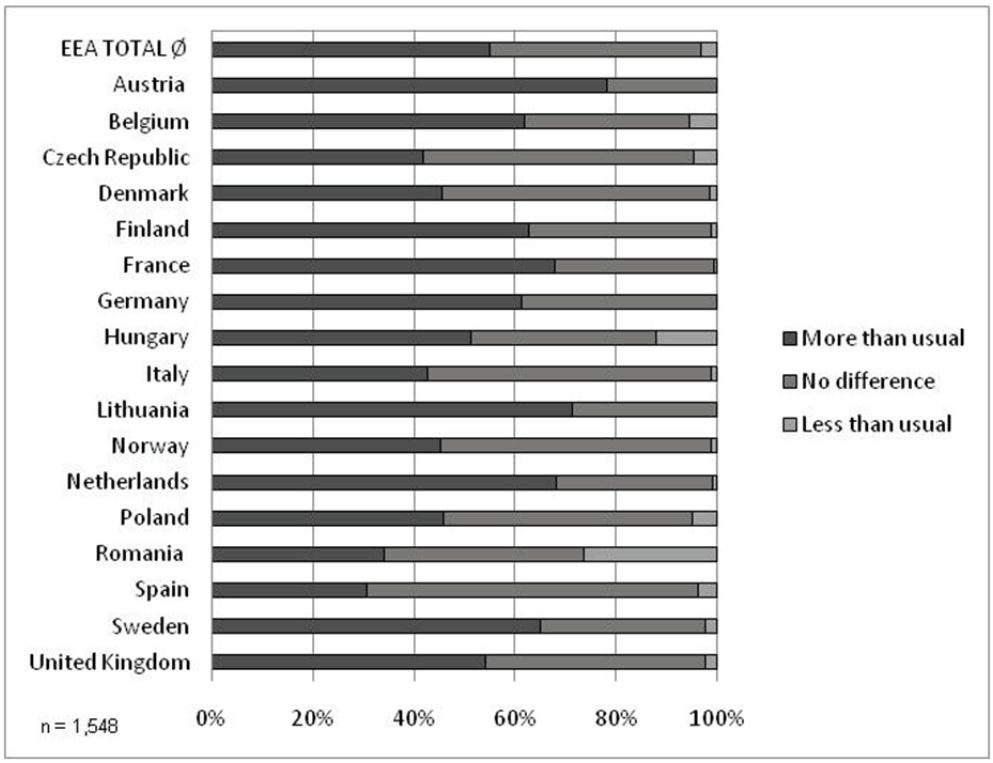
Legal aspects: Expert from Germany and Austria argue that suppliers are legally entitled to file a protest against every single requirement in calls for tenders if they feel they are being treated less favorably than competitors. Every protest filed requires processing time.

As stated in the country fiches (Annex I) and in Chapter 2, a number of initiatives in the EEA countries try to reduce that legal risk. In the Netherlands, for example, the NL Agency, on behalf of the Dutch Ministry of Infrastructure and Environment (I&M), has developed tools to promote the use of the Dutch Sustainable Procurement Criteria Documents as information, among others, on the legal background. A Sustainable Public Procurement Manual explains in detail how to use the criteria and other sustainability considerations throughout the procurement process (see Annex I). In Austria the SO:FAIR initiative offers legal expertise on public procurement and provides information to policymakers and contracting authorities on how to integrate social responsibility into the procurement of food products and textiles.

4.4.4 Complexity

If environmental, social responsibility or innovation-promoting requirements are included in calls for tenders, a majority of the survey participants suppose the procurement procedure to be more complex, while somewhat less than half of the respondents indicate no difference in terms of complexity of the procurement process. Even for the frontrunners of GPP, SRPP, and PPPI the values are rather high.

Figure 92: Effect on complexity by Member States[129]



Disaggregating the results according to different government levels produces the same results as before: central government CAs perceive GPP/SRPP and PPPI as less complex than CAs from local governments, which here again might be due to broader experience (more procurement procedures) and possibly also to better training at that government level.

Table 23: GPP/SRPP/PPPI: Complexity for different government levels

	Central government	Regional government	Local government	Other government
More than usual	42,1%	46,7%	59,6%	52,7%
No difference	54,7%	49,5%	37,0%	43,8%
Less than usual	3,2%	3,7%	3,4%	3,5%

The interviews provide further insight into the reasons for these responses:

Lack of knowledge: GPP, SRPP and PPPI require a broad understanding on the part of procurement officers. Not only should they know more about the characteristics of the procured goods, works and services, but they also need to use different tools (e.g. specific databases), engage possibly in new communication processes (networks), and apply new accounting and financial methods (e.g. LCC), but they also need to know more on the legal background (see also ITCILO 2008, p. 25; Siemens 2003, p. 52). Not surprisingly a lack of know-how and training needs were mentioned in a number of interviews. Consequently, a

[129] Question 33: What are the effects on the procurement procedures when environmental, social responsibility or innovation promoting requirements are used in the call for tender? – complexity.

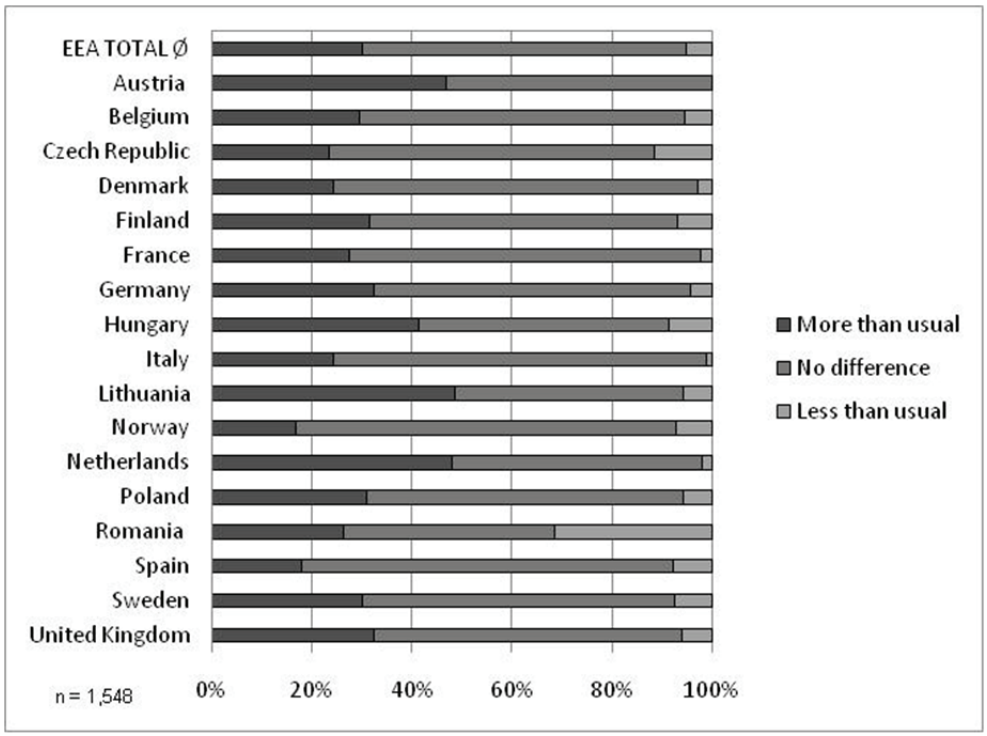
number of training initiatives have already been launched to address the growing need for professionalization with regard to GPP, SRPP and PPPI (see Chapter 2 and Annex I).

Monitoring: If public procurers do not want to rely on self-declarations by suppliers or to accept the existing variety of certificates at face value in order to ascertain compliance with their respective GPP/SRPP/PPPI standards, the procuring agency requires extensive capacities in verifying and monitoring compliance, according to experts from Germany and Italy (on certificates see also Chapter 4.4.1). For this reason, a number of public buyers interviewed argued for the legal standardization and monitoring of certificates and labels in addition to adjusted procurement tools, procedures and legislation on a national level. In either case, monitoring efforts are complicated if global sourcing strategies (e.g. sub-suppliers from China) are involved, as this implies monitoring at places under foreign authority and operating under different legal conditions.

4.4.5 Risk

Concerning risk aspects, 64.6% of the participants indicate no effects on the procurement procedure if environment, social responsibility or innovation promoting requirements are included in calls for tenders. For example, more than two thirds of the participants from Norway, Italy and Spain (76.2%, 74.4% and 74.4%) indicate no effects on risk. In contrast, 30.1% of the persons interviewed think that, in view of the aforementioned aspects, the procurement procedure will become more risky. In particular, procurement officers in Austria, the Netherlands and Lithuania are more sceptical. Only 5.3% of the participants indicate decreasing risks, with Romania here outstanding again (see Figure 93).

Figure 93: Effect on risk by Member States[130]



[130] Question 33: What are the effects on the procurement procedures when environmental, social responsibility or innovation promoting requirements are used in the call for tender? – risk.

A slight tendency towards no risk effects following the inclusion of GPP/SRPP or PPPI aspects can be observed if the data are classified according to central, regional, local or other government levels (see Table 24).

Table 24: GPP/SRPP/PPPI: Risk effects of different government levels

	Central government	Regional government	Local government	Other government
More than usual	25,3%	29,0%	28,6%	32,8%
No difference	70,5%	63,6%	66,1%	60,4%
Less than usual	4,2%	7,5%	5,2%	6,8%

The major reason for an increase in risk is the legal uncertainties which CAs face when applying GPP, SRPP and PPPI. This opinion emerged clearly from the interviews and is also partly reflected in the answers of respondents who do not apply GPP, SRPP and PPPI (see section 3.3.5). While the quality of products might even increase (as already mentioned) and thus lower the risk of failures in the procurement, and while the more detailed description of procurement needs might also raise the level of security of the whole process, applying GPP, SRPP, and PPPI nevertheless causes legal uncertainties. As could be seen from the answers on preferred approaches, many procurement officers use bidder certifications for example in the awarding procedures, though this approach is in legal terms problematic. Also, applying EMAT, and within EMAT applying environmental, social or innovation-related criteria, opens the door to appeals by the losing bidders.

4.5 Challenges for suppliers

As a complement to the expert perspective on procurement presented above, this section focuses specifically on suppliers and issues that arise in the context of integrating other policy objectives into the tender process.

The issues mostly mentioned as challenges for suppliers are (*a*) a substantial increase in administrative work for the bidding process, (*b*) heterogeneity of procedures and requirements, (*c*) an inconsistency of long-term policy orientation and (*d*) a lack of sufficiently trained and knowledgeable procurement officers. These factors increase the burden on suppliers participating in the bidding process and supplying the requested product/service to the public CA upon winning a tender.

Before we address these issues in detail, it is noteworthy that the perceptions of interviewed suppliers vary significantly, apparently because of the differences between product groups and to some degree also between regions. Some product groups, like construction work in the UK, are subject to very strong requirements while others, such as requirements for street lighting in Germany, are mostly awarded on the basis of to the lowest procurement price. It also appears that authorities in some regions and some countries are making much more use of GPP/SRPP/PPPI criteria than others. Finally, suppliers as well differ in their level of engagement in activities relevant to those required by GPP, SRPP and PPPI. Therefore the insights gained from the supplier interviews are not universally valid, but have to be considered in their political and legislative contexts. It should also be kept in mind that only a limited number of interviews with suppliers were conducted (for details see Annex VI). Therefore, the results should be treated rather as anecdotal evidence.

4.5.1 Administrative burden

The first and major challenge, according to the interviewed suppliers, is an increase in the administrative requirements resulting from the integration of other objectives in the procurement process. With the proliferation of GPP, SRPP and PPPI criteria in the public tenders, both the bidding process for a tender and the actual implementation of a contract demand the demonstration of compliance with new requirements. In particular, the administrative work necessary to participate in tender bidding processes imposes a particular burden on many suppliers. During the interviews most suppliers mentioned a significant increase in demands for labels, third-party audits, verification of the supply chain, and general paperwork documenting production processes. The supplier winning the contract also faces a substantial amount of new requirements to comply with. This is of particular relevance to services that are provided.

The degree to which these charges increase depends strongly on the amount of requirements but also on the way the criteria are asked for. It is, for example, possible to request adherence to a certain standard like the environmental management scheme EMAS or the ISO14001 standard for an environmental management scheme, which assures compliance with a wide range of environmental aspects that do not have to be proved individually since those certificates are well verified and reliable.

However, as noted by an Austrian procurement officer, some objectives are difficult to simplify in terms of administration. If, for example, a certain ratio of apprentices is required, the company has to document the existence of each apprentice position, which can quickly become an administrative burden. Much of the information that is required in the context of procurement tenders is not already compiled and processed by the companies in an appropriate form. A supplier from the UK noted that the biggest challenge has been the increasing need to audit suppliers, especially when they are located abroad.

This problem holds true for all three categories of other objectives, although social requirements tend to be more difficult (or often impossible) to demonstrate in cases where the supply chain is long and located mainly abroad. However, social as well as innovation promoting requirements are yet less numerous, so that a significant part of the burden resides in the detailed environmental requirements.

The gathering, the compilation and the possible third-party verification of the information are primarily undertaken in order to participate in a bidding process. The information is not usually obtained in standard production processes. Some interviewed suppliers, however, mentioned the possibility of using this information beyond the tender applications. It enhances the understanding of the companies' own production processes and often offers clues for efficiency gains. Suppliers further said that the information could be used as promotion material with private clients and as a basis for marketing campaigns. Besides the positive side effects of increasing awareness within the companies of certain sustainability aspects, it can generally be noted that participation in a bidding process for sustainable tenders requires more resources and more time from suppliers.

These challenges arising from an increased administrative burden present suppliers with risks. Participation in bids for tenders that contain GPP, SRPP or PPPI requirements demands more effort and more financial and human resources to be invested in the process, which are not recovered if the application fails. The most affected parties are SMEs for whom the upfront investments to participate in tenders represent a noticeable share of their profits. Larger companies have proportionally greater resources at their disposal but equally face significant charges because of a possibly larger product portfolio or a more diverse supply chain.

Companies react to this challenge mostly by attempting to comply, thus by providing the required information. Some suppliers, however, state that they are applying for fewer ten-

ders. This confirms the observation made by procurement officers, noted in the previous section 4.4.2), that there are sometimes insufficient offers for far-reaching GPP/SRPP/PPPI tenders. Some CAs are counteracting this problem by providing special training and support for SMEs to facilitate their participation in tenders.

4.5.2 Heterogeneity

The second challenge mentioned by many suppliers concerns the design of the tender process. The regionalization of procurement procedures and policies presents suppliers with an additional challenge. Because in some countries every city and town council designs and decides on its procurement practices, suppliers are faced with a myriad of different procedures and requirements. What is more, at a national or even a regional level procurement policies and laws also vary, enhancing the differences in procurement practices. The fact that it is not allowed to use European labels as requirements presents an obstacle to a homogeneous and coordinated procurement process.

When considering the effects of the administrative burden imposed on suppliers by incorporating requirements for other policy objectives, as described above, it becomes apparent what heterogeneity in requirements and procurement procedures implies for suppliers. The administrative work increases because different CAs will require different standards and procedures. Thus, for relatively low quantities demanded, a supplier has to develop a series of distinct applications for the same product. Different perceptions of the interviewed suppliers indicate that this is a product group-specific issue. For example, it was stressed by an office-equipment supplier, but given little attention by suppliers of railway transportation and pharmaceuticals.

One reason for this heterogeneity was suggested by procurement officers: many officers said during the interviews that they are in need of clearer and more specific training and guidelines in order to apply procedures within a standardized framework. This situation leads individual local CAs to develop their own procedure and sets of criteria.

The heterogeneity of procurement procedures and requirements is a particular burden on the suppliers, who are active on an international scale aiming to supply many CAs with their products or services. In some cases, suppliers began to react and launch initiatives that aim for a national standardization of procurement initiatives. Some suppliers have noted the advantages of European regulations and National Action Plans in advancing the homogenization of the different approaches and facilitating compliance with other policy objectives in tender calls.

4.5.3 Consistency

A third aspect challenging suppliers' capacity to participate in public procurement tenders is the consistency of policy directions. Suppliers say that, in order to participate in tenders, the company adapts to the requirements and criteria requested by the CA. If, however, there is no long-term strategy and the CA changes its requirements and standards frequently, it becomes difficult for the company to adapt. The consequences are insufficiently prepared companies and a lack of offers for tender processes. One supplier, whose products are sold entirely to public procurers, remarked that it would be too late to prepare a tender document if it waited for the official tender to start. Suppliers have to be informed before the process starts in order to have enough time to prepare an offer. This is relevant for the entire tender, but the introduction of significant new GPP, SRPP or PPPI objectives can imply significant production adaptation prior to applying for a tender. In addition to the lack-of-time aspect, suppliers also said that the risks to investments increase. With inconsistent policy directions, standards and criteria change relatively fast, so that investments in certain technologies or procedures may not pay off in the medium or long run.

Suppliers and procurement officers in the United Kingdom in particular have cited this aspect. Despite having a relatively elaborate framework for including other objectives into the procurement process, the budgetary austerity currently implemented by the British government as a result of the economic downturn resulted in a severe change of that procurement policy. In fact, both sides of the procurement process noted that, prior to the economic downturn, requirements for social, environmental and innovation-promoting criteria were both frequent and comprehensive. As a result of the crisis, procurement officers are now asked to focus purely on the procurement price, completely discarding even the running-cost aspect, which was a vital criterion before the policy shift.

Beyond the UK, many suppliers to other European countries also claim to be negatively affected by such relatively abrupt and significant policy changes. According to interviewed suppliers, this policy inconsistency policy makes long-term planning and adaptation of the supply to match the demand requirements of the government more difficult. To alleviate this risk, some suppliers say they are proactively engaging with the procurement agencies to obtain first-hand information as early as possible. Some organize networking opportunities to promote exchange with different stakeholders, to enhance transparency and to receive early information of future policy directions.

4.5.4 CA officers' expertise

The fourth main challenge that was identified by suppliers relates to the insufficient training and knowledge of procurement officers. Allegedly, procurement officers are not well informed about innovative product categories. Several IT and electrical device suppliers said that their innovative and cheaper products (if seen over the whole life cycle) are not procured. It was stated that, for a wide range of products, many CAs still use the purchasing price as the sole criterion, whereas alternative products are more efficient, more effective and more sustainable. This coincides with statements made by procurement officers who are asking for more training and clearer guidelines to better incorporate environmental, social and innovation-promoting aspects in their tenders. According to suppliers and CA officers, training is particularly needed in innovation-promoting tenders.

The consequence of the bias towards the cheaper product is that suppliers are not selling innovative products to the public sector and focus on producing the product that is the cheapest at the point of purchase. European suppliers especially claim to be able to supply high-quality, long-lasting and more efficient products that are not demanded by CAs. An interviewee that provides street lightning said that clearly superior LED lights are not procured because CA officers do not know how to integrate innovative and LCC considerations into the tender process.

As a reaction to the CAs' negligence of innovative products, several suppliers stated that they engage in education and information campaigns with procurement officers. According to a German supplier, procurement officers welcome support from suppliers. The interviews with procurement officers confirm their general willingness to include more far-reaching measures. Some suppliers said they lack the knowledge and the resources to include innovation aspects in the tenders.

4.5.5 Monitoring the performance of the contractor

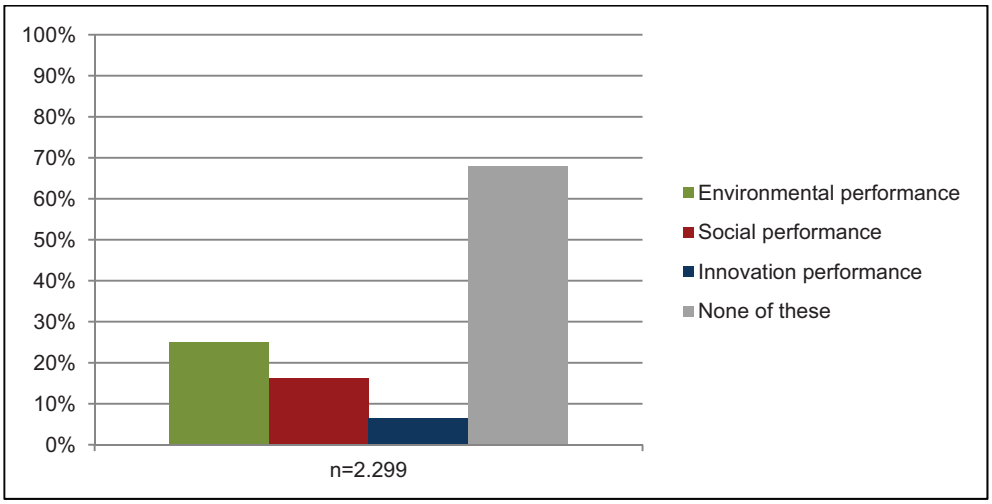
Monitoring by a CA in the context of public procurement can have two objectives. The first is to ensure that procured works, services and products are compliant with requirements at the time of delivery. Second, monitoring is a way to verify and ensure that the supplier is providing its services in compliance with the term of the contract during the contract period or to verify and ensure that the product or work performs as expected during its life cycle or guarantee period. Despite the necessity for a thorough monitoring process, the EU and most

national governments have done little to establish an appropriate framework. Neither of the EU guidebooks "Buying Social" or "Buying Green" addresses this topic thoroughly.

Use of a monitoring system

A significant proportion of CAs do not have a system in place for monitoring the performance of the contractor by reference to the established requirements. In the survey 68% of all interviewees said they do not monitor suppliers' compliance with the GPP, SRPP and PPPI requirements of the contracts.[131]

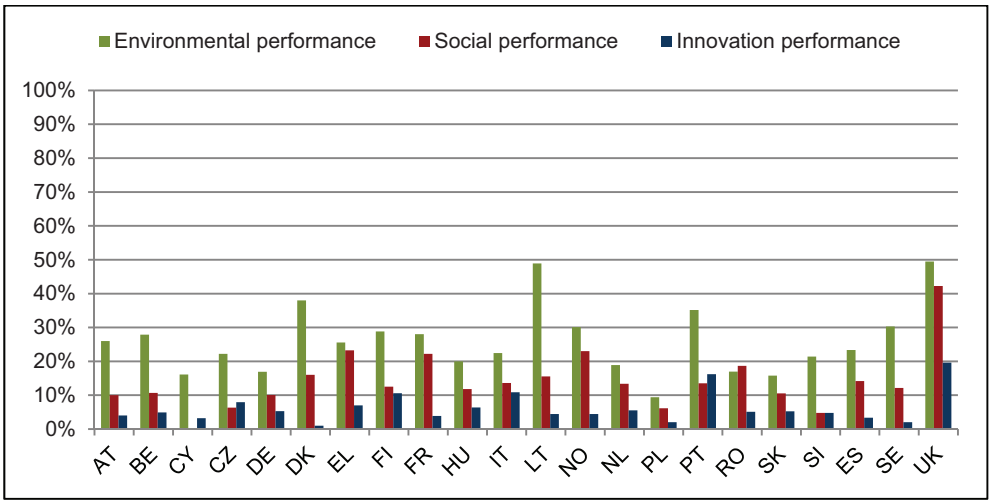
Figure 94: Use of systems to monitor the performance of contractors



When broken down into the different categories, it becomes apparent that GPP requirements are monitored in almost every fourth case (25% EU average). With the exception of the Netherlands, the GPP front-runners perform this task better than the other MS. Generally, the monitoring rates of the different countries are between 20% and 30%, with relatively more CAs in the UK, Portugal, Lithuania and Denmark conducting some sort of monitoring.

[131] This study has produced figures on the number of CAs that engage in monitoring processes to verify that suppliers are compliant with the terms of procurement contracts. However, a number of CAs do not use monitoring because they do not integrate other policies in their tenders. From the answers given to Question 13 of the questionnaire, it can be assumed that about 30% of the interviewees fall into that category. As a consequence, the percentage of CAs that do not monitor suppliers even though they include requirements in their tenders is lower than the figures obtained by this survey.

Figure 95: Use of systems to monitor the performance of contractors by Member State



The relative immaturity of SRPP as a policy is also reflected in the monitoring rates. SRPP performances are monitored by only 16% of the CAs. The SRPP front-runners perform relatively well. High rates of monitoring are reported for France (22%), Greece (23% with a statistical margin of error of 12%), Norway (23%) and the United Kingdom (42%). Although it has not been investigated, anecdotal evidence from the expert interviews suggests that monitoring is sparse because SRPP is less commonly applied than GPP.

Contractors' performance on innovation-promoting criteria is monitored by only 6% of the CAs. The same methodological constraints that apply to SRPP apply also to PPPI. The PPPI front-runners are generally not outstanding. The countries that monitor compliance with innovation-promoting criteria most are the UK (with 20%) and Portugal (16% with a margin of error of 11%). In this context it is noteworthy that Portugal focuses especially on PPPI and addresses it in legislative provisions, as observed in Chapter 2. Nevertheless, those countries that monitor compliance in one category do not necessarily rank highly in monitoring the other two categories.

Lack of resources for monitoring

Broadly speaking, a lack of resources of various kinds is the main reason for insufficient verification of suppliers' compliance with contracts. Here too main categories of resources can be distinguished.

The first category concerns the lack of administrative resources. Underlying this problem is the lack of political will to allocate sufficient funds and regulatory clarity to the matter. Several officers noted that, despite their desire to monitor and verify the compliance of contractors, no guidelines, training or resources are available that would allow for such a process to be implemented. It has been noticed that political endorsement is not sufficiently prominent, and support for actual implementation is also scarce.

The second resource problem concerns the difficulties in monitoring and verifying products' entire supply chains, which have generally become more international and more complex. Several suppliers have already noted a significant increase in requirements for demonstrating that certain environmental or social criteria have been met. For example, a supplier of office material noted that his company has to conduct many more audits, not only within the company but also along its supply chains in order to participate in tenders.

The lack of resources for monitoring is likely to drive CAs more towards the use of criteria whose compliance can be demonstrated through labels. Thus currently, there is a tendency

to place the financial and resource burden on those companies that attempt to participate in the tender process.

Need for monitoring

Many procurement officers expressed a desire to enhance the monitoring process, as it can be assumed that simple reliance on the companies' compliance with regulations and criteria is insufficient to guarantee the desired and required quality of their products or services. An Austrian procurement officer supports this statement by maintaining that companies' own declarations on the performance of their products are not always correct and that significant aberrations have been detected in their own laboratories. Some kind of verification mechanism therefore seems necessary to ensure the expected quality of the procured products or services. Some procurement experts claimed that monitoring was not always necessary, because requirements can be structured in such a way that nationally recognized third-party verified labels cover the required criteria. Nevertheless, the explicit use of European labels (such as the EU flower) is prohibited by law, and discrimination against non-labelled suppliers is illegal.

A Dutch expert said that his organization drew a clear distinction between procurement and contract management. Although it had a contract management system, it was not used for monitoring GPP, SRPP or PPPI performance.

When assessing the need for a monitoring system, it is useful to consider the associated costs and benefits. They, however, depend on the complexity and the scale of monitoring. Several procurement officers propose either to apply a system of random sampling or to respond to indices and complaints of non-compliance in order to inspect adherence to the terms of contracts.

As for monitoring the internal process, a procurement officer from Austria noted that it was important that an external body be assigned to this task, which would increase objectivity. This, however, requires political will and resources to implement.

4.6 Summary

Chapter 4 has focused on the various effects of GPP, SRPP and PPPI activities. The findings on the three areas taken separately can be summarized as follows.

4.6.1 Green public procurement

GPP effects on the procurement outcome

From the analysis of procurement files in Austria, Germany, the Netherlands and the United Kingdom, it can be stated that integrating additional objectives into public procurement with regard to GPP has a measurable and significant impact on procurement outcomes. In detail, the effectiveness of environmentally friendly public procurement policies is considered to be strong (in statistical terms), as approximately 50% of the procurement outcome is influenced by the procurement process, which includes policy goals in both tenders and offers. The other 50% of the influence potential may reflect the fact that bidding companies have progressed noticeably in integrating environmental requirements themselves. It can also be assumed that the companies are familiar with environmental policies and the application of environmental certificates and labels. The results derived from the web survey substantiate this claim, as only a small percentage of public procurement officers in the countries analysed said that they had difficulty attracting offers after including environmental requirements in tender documents.

The chosen procurement procedure, the characteristics of the bidding suppliers and the positioning in the tender play an important role in increasing the effectiveness of including GPP policy goals in the tender in changing the outcome. In choosing the open procedure, a large number of suppliers become informed about tenders, including environmentally friendly aspects. Companies that want to be considered as potential candidates must react to these requirements through their offers. For that reason open procedures can be seen as effective not only for securing more environmentally friendly procurement outcomes but also for changing the bidding market. It can also be assumed that the availability of social and environmental management systems, like EMAS and ISO 14001, to bidding suppliers has a significant influence on securing more environmentally friendly products through including certain policy goals in the tender.

The claim that GPP has a positive overall impact on the market is underlined by the fact that a clear majority of the respondents of the web survey support the argument that GPP, SRPP and PPPI have a positive or very positive effect in achieving the desired policy goals.

GPP effects on cost and product availability

With regard to cost effects, the findings of the survey are inconclusive as to whether the cost increases or stays constant if environmental requirements are included in public tenders, while a cost decrease may be ruled out as a general effect. As for environmental requirements, 37.9% of the participants experience cost increases whereas costs remain constant for 33.2%. However, only a minority of respondents indicate that costs may decrease (1.7%). In any case, 27.1% of the replies gave “no opinion”. The interviews showed that the purchase price is expected to be higher under GPP requirements in the short run. The GPP front-runners tend to evince a more positive view, opting for a lower rate for cost increases. The explanations given of constant cost reflect a long-run perspective. Better life-cycle costs of GPP-compliant goods and services, and increasing competition over time as GPP compliance initially gives a competitive advantage are assumed to restore the balance of goods and services purchased under GPP requirements. Factors offsetting or not balanced by long-run effects – thus substantiating a general effect of cost increase – might include the costs of formal certification of compliance, the necessity of building expert knowledge of GPP requirements.

Of the participants, 43.1% argued that they usually receive a limited number of offers, but are able to purchase what they need in the event that environmental requirements are included. In contrast, 27.0% state that they always receive plenty of offers. Of the participants, 9.4% have difficulty attracting offers, but are able to purchase what they need, while 20.0% have no opinion on this issue. Obviously decreased competition due to fewer competitors being able to meet the GPP requirements is the major reason for restrictions on product availability. Yet, the experience of front-runner countries reveals distinctly fewer problems with product availability, which supports the assumption that market forces lead to a balancing of the market situation over time.

4.6.2 Socially responsible public procurement

The results of the procurement files analysis demonstrate that the impact of policy integration on the procurement outcome is more powerful than that with GPP policies, as it is assumed that companies are less familiar with social aspects. The public procurement process, consisting of policy inclusion in the tenders and in the offers, alone can influence more than 80% of the procurement outcomes so as to be more socially responsible. Therefore the public sector can make use of social policy inclusion through public procurement in changing not only the procurement outcome but also the framework and activities of markets in a strategically focused way. Other factors having an influence in changing awards, such as indicators for suppliers’ intrinsic motivation, seem to play a subordinate role. It can be assumed that

within companies the adoption of GPP policies is further developed than the adoption of SRPP policies.

Moreover, including innovation indicators, such as the application of functional specification, in the tender document increases this effect of SRPP policies. The results of procurement files analysis show that the application of innovation indicators positively influences the impact of SRPP policy goals inclusion in the tender on changing the actual outcome. Further, we can proceed from the assumption that the use of innovative criteria results in the public procurement not only of more innovative products but also of more socially responsible products. Moreover, different product categories have a measurable effect on changing the relationship between policy goals inclusion in the tender and policy goals achievement through the award. This effect is stronger on purchases of material goods than on purchases of services. One possible reason is that services are provided primarily by domestic suppliers. For the countries analysed we can expect that those suppliers recognize essential social criteria such as compliance with human and labour rights. In the case of purchases of material goods, contracts are more likely to be awarded to foreign suppliers; and we can assume that the labour standards in developing countries, such as those of Asia, differ from those in the countries analysed in this study. Consequently, the integration of SRPP policies is more important in tenders for material goods than for services.

SRPP effects on cost and product availability

Social responsibility requirements are considered by 31.9% of the participants as having no effect on costs, while 21.3% experience cost increases if requirements on social responsibility requirements are included in public tenders. The responses on the cost effects of social responsibility requirements show a slight tendency towards costs staying constant. However, cost decrease as a possible effect is indicated only by 2.0% of all responses. In any case, about half of the replies gave “no opinion” (44.7%). At least in part, SRPP front-runners paint a more positive picture. With regard to SRPP requirements used in calls for tenders, respondents cite the same causes as those identified for GPP effects on costs (cost of certification, capacity building costs, decreased competition etc.).

Section 4.4.2 presents the answers given by the participants with regard to the effects on the quantity of offers received if SRPP approaches are integrated in public procurement. Of the survey participants, 30.6% indicate that with SRPP aspects included they usually receive a limited number of offers, but are able to purchase what they need, while 17.6% of respondents receive plenty of offers. A small proportion (11%) indicates that they have difficulty attracting offers, but they are able to purchase what they need. Those participants with no opinion concerning this survey question amount to 40.8% of the participants. With regard to SRPP requirements included in calls for tenders, the same causes are cited as for GPP effects on product availability. Overall product availability for SRPP is worse than that for GPP, possibly due to markets being developed less.

4.6.3 Public procurement promoting innovation

For PPPI the results of the procurement files analysis demonstrate that the integration of PPPI criteria has a positive influence on the effectiveness of SRPP policies. Therefore we can assume that simultaneously including socially responsible aspects in tenders and applying innovation indicators, like the use of standards and the allowance of alternative offers, results in the procurement outcome that is not only more socially responsible but also more innovative. In contrast, the influence of PPPI on GPP cannot be measured.

PPPI effects on cost and product availability

Section 4.4.1 took a closer look at the effects on the costs of goods and services purchased if innovation-promoting requirements are included in public tenders. The survey results do not establish whether procurement cost rise or stay constant with the inclusion of innovative

requirements. Of the survey participants, 22.8% indicate cost increases (PPPI front-runners with far lower values), while nearly the same percentage (22.3%) report constant costs. However, only a minority of respondents indicate the possibility of cost decreasing (3.6%). Interestingly, the front-runners see far more potential for cost decreases. About half of the replies (51.3%) gave “no opinion”. With regard to PPPI requirements included in calls for tenders, the causes cited in interviews to explain rising costs include capacity building and lack of knowledge, as cited also with regard to GPP and SRPP.

While overall cost implications are viewed far more positively for PPPI than for GPP, product availability is viewed less positively. Of the web survey participants, 28.5 % report that they usually receive a limited number of offers if innovation-promoting requirements are included, but they are able to purchase what they need. Only 12.2% state that they always receive plenty of offers when innovation-promoting requirements are included in calls for tenders. Those that have difficulty attracting offers amount to 12.7%, yet they are able to purchase what they need. 46.6% have no opinion concerning this survey question.

4.6.4 GPP, SRPP and PPPI effects on time frame, complexity and risk

The survey does not present a clear-cut result with regard to the time effects of including GPP, SRPP and PPPI requirements in calls for tenders. Of the survey participants 54.1% indicate no effect on the procurement procedure, while nearly the same percentage (43.3%) notices that the procurement procedure becomes more time-consuming than usual. The effect of reduced time consumption appears to be insignificant. Many possible causes are cited in interviews to explain greater time consumption: pre-tendering explorations, more need for training and monitoring, lengthier procedures for evaluation the tenders, and so on.

The pattern of answers remains the same with respect to the issue of complexity. Of the survey participants 55.0% believe the procurement procedure to be more complex, while 41.9% indicate no difference in complexity if innovation-promoting requirements are included in calls for tenders. Only 3.2% of the participants experience reduced complexity.

The picture is slightly different when it comes to the risks of the procurement procedure. Of the participants 64.6% indicate no risk effects on the procurement procedure if innovation-promoting requirements are included in calls for tenders. 30.1% of the persons interviewed believe that including sustainable aspects in the procurement procedure makes it more risky. Only 5.3% of the participants indicate decreasing risks. Legal uncertainties are clearly a major issue with respect to the perceived risks of GPP, SRPP, and PPPI.

4.6.5 Suppliers’ perspective on GPP, SRPP and PPPI

Most suppliers that were interviewed report a significant increase in requirements for criteria on environmental performance and, to a smaller extent, on SRPP in recent years. Some suppliers indicate that the public sector is more progressive than private companies in requiring environmental criteria establishing a higher standard. New requirements on GPP, SRPP or PPPI potentially impose a significant administrative burden.

Suppliers reported instances of rapid policy changes. This is perceived as a problem for the long-term planning of businesses. Consistency over time of GPP, SRPP and PPPI policies is seen as important.

A further challenge that suppliers perceive with regard to GPP, SRPP and PPPI is the lack of homogeneous international or national procedures and sets of requirements. As they describe it, the development of significantly different tender procedures and criteria on a national, regional or even local level increases the administrative burden.

With regard to the integration of PPPI into the procurement process, the perceptions are that this category is most neglected but offers significant potential. A supplier from Germany be-

lieves that CA officers are not sufficiently trained to incorporate useful criteria for PPPI. In response, this supplier has initiated campaigns to show CA officers how to integrate those requirements in the tenders. The criterion that is advocated by many suppliers is the use of LCC, since it allows for high-quality and slightly more expensive products to demonstrate their advantage in the long run.

4.6.6 Monitoring of GPP, SRPP and PPPI

Only 24.8% of the respondents indicated that they monitor the environmental performance of suppliers. For SRPP and PPPI the figures are even lower: 16.3% and 6.3%. Of the interviewed procurement agents, 68.2% stated that their organization does not have a system in place to monitor compliance in any of the three categories. Countries with relatively high rates of monitoring environmental performance include the United Kingdom (49.5%), Denmark (38%) and Finland (26%). With the exception of the Netherlands, the front-runners on GPP clearly perform better on monitoring.

CAs advanced several reasons for the generally low monitoring rates. Lack of resources and political support as well as insufficient know-how in establishing a monitoring scheme are important barriers. A further challenge is posed by the difficulties of verifying compliance. The CAs do not have the capacity to systematically verify compliance with all requirements. This is even more difficult when suppliers (as many of them do) have a long supply chain that is often located abroad. It is difficult to verify the environmental performance of suppliers in these cases. As an alternative strategy, CAs are increasingly relying on suppliers to present proof of compliance with certain criteria. That is mostly done in the form of third-party verified audits. This presents a new set of challenges for suppliers, who have to carry the costs for these activities.

5 Further Research Needs

This comprehensive investigation of national approaches to GPP, SRPP, and PPPI in procurement policy and practice has yielded a broad range of findings on European countries' strategic use of public procurement.

Against the backdrop of the variety of approaches and a number of striking results and success stories, it can be stated that there is no royal road or a model way to effectively integrate other policy objectives into procurement policy and practice. The introduction of targeted policies in the form of NAPs appears to trigger more and better dissemination activities and enhanced uptake at least for GPP. However, whether this approach would be equally effective in the areas of SRPP and PPPI remains uncertain. Likewise, the degrees of adherence to and effectiveness of targets set remains to be seen.

What is certain is that, in order for policy objectives to be implemented by procurement, the practitioners on the ground need to be equipped with resources, capacities and tools. Not the least important, however, are legal clarity and political will and support in driving GPP, SRPP and PPPI.

While each chapter has ended with a summary of findings for each study task, this final chapter focuses on the questions which could not be answered by the study and the uncovered research needs.

5.1 Success factors of GPP, SRPP and PPPI

The description and comparative analysis of strategic approaches in Chapter 2 suggest that it is too early to conduct a comprehensive evaluation of Member States' approaches, especially of NAPs and equivalently targeted mechanisms, as many of them have been drawn up only recently. In 2011 all countries investigated here (except Liechtenstein) can be expected to have established GPP NAPs, while at the same time mainly those with established GPP policies will have taken a further step towards upgrading their NAPs towards integrated approaches, including SRPP and/or PPPI. An intensive review of the variety of approaches within the next two or three years will allow a deeper understanding of the success factors for GPP, SRPP and PPPI.

Web survey findings suggest that the degree of awareness as well as of the uptake of policies integrating other policy objectives depends on multiple factors. In combination with the findings of Chapter 2, preliminary interpretations of such factors could be made. However, to determine the success factors of policy effectiveness in the areas of GPP, SRPP and PPPI, this study could be taken as a point of departure in analyzing them in more detail, for example by comprehensive and comparative case study research of national approaches. One aspect to be highlighted in this context could be the relative advantages of mandatory versus voluntary approaches, for example for target setting and criteria use. Other aspects which would be worth following up are how far different product categories require different approaches to GPP, SRPP, and PPPI, and whether particular strategies for specific product categories yield improved results (higher implementation rates, reduced costs, etc.).

On the ground, the success of all dissemination and support efforts depending on the ability of the individual procurement officer to implement GPP, SRPP and PPPI in his practice. The web survey indicates that tenders from the leading Member States are framed differently from tenders from the other Member States. In general they make broader use of the framing

possibilities, which suggests that their CAs are more confident and perhaps more professional CA. Member States like the UK and the Netherlands have professionalized public procurement in recent years. OCG/Government Procurement Service (GPS) in the UK and PIANOo in the Netherlands have built knowledge exchange networks whereby procurement officers share experiences, know-how and tender templates. A study of national approaches could determine the effect of such programs on the uptake of GPP, SRPP and PPPI?

In Chapter 2 a review of Member States' dissemination activities conducted by this study project is presented in the form of an overview and broad assessment of types and scopes. The present study project excluded, however, a specific stocktake of the extent of efforts targeted at supporting policy implementation. Interestingly, even in Member States with comparatively high ranking levels of support, buyers and suppliers mentioned a lack of political support and capacity building. In the light of striking findings from the web survey and interviews with buyers and suppliers, this should be investigated further in case studies of selected countries' approaches and their effectiveness.

The study has identified several factors which inhibit GPP, SRPP, and PPPI. Still, further in-depth information would be needed to achieve a better understanding of how specific problems hinder the implementation of GPP, SRPP, and PPPI. This holds true especially for legal uncertainties. They seem to be one major area of concern to contracting authorities, and in fact the research findings indicate a strong desire to apply GPP, SRPP, and PPPI approaches which in legal terms are problematic. More focused research here might reveal strategies on how better to combine general rules for public procurement with the needs of GPP, SRPP and PPPI.

Most current GPP and SRPP criteria are product- or product group-oriented. More advanced procurement practitioners said during interviews that they regarded the existing criteria as too limited and as failing to really challenge the market to innovate and to take risks. Therefore, automatically revised product criteria for GPP and SRPP might be helpful, also with a view to promoting innovation. Research could investigate how product criteria might best be revised regularly or automatically.

In this regard, the use of labels and certificates, too, could be addressed by more targeted research. Their use requires not only proper handling in terms of their legality but also knowledge and expertise of the specific issues concerned. At the same time standardization can be considered a major trend in the field of CSR and sustainable consumption and production. How to facilitate the integration of standards in procurement should be explored, not least for reasons of policy coherence and effectiveness.

5.2 Harmonization of GPP, SRPP and PPPI in Europe

The impacts of EU policies and especially of EU communication and dissemination efforts on national approaches could be addressed only peripherally within the framework of this study project. Based on previous studies' findings and evidence established within this project, it can nevertheless be observed that product group prioritization is increasingly being harmonized in Europe – at least on policy levels. For further policy development it would be important to know more about the diffusion of EU programmatic approaches to GPP and SRPP and about ways to increase diffusion of best practices between Member states particularly in the fields of SRPP and PPPI.

Another, related issue that should be assessed is how effective it would be to increase efforts to harmonize the prioritization of product groups and criteria on the one hand and target settings on the other (e.g. suggest CPV codes to specify criteria development and target setting), and by which means (e.g. EU legislation or policy communication). A common defi-

nition of product categories and groups would provide not only for better comparison of policies and monitoring of results but also for greater and more coherent internal market impacts.

5.3 Data and the need for monitoring

In estimating the economic impact of strategic use of public procurement, the major obstacle remains the lack of reliable and comparative data. Building on TED data, estimates here use targets to project potential GPP expenditure spheres on the assumption that targets are reached. But little is known about the degree of adherence to these targets. This aspect should be further evaluated in the near future as most of the targets have been stipulated for the time frame of 2010 to 2012.

Furthermore, the approximate approach to estimating budget shares of GPP is also limited by the quality of TED data used as a basis. Such data represent only above-threshold procurement in Europe; also, it can be doubted that entries are complete and correct. To this end, a more comprehensive and protracted primary assessment of national procurement expenditures based on relevant product groups may add value by laying the groundwork for strategic target setting and monitoring of public procurement. It might also provide more information on the development of GPP markets, especially on the development and the size of particular (cross-national) GPP product markets.

At many points in this study project it became clear that monitoring procurement is an area of deficient activity in Europe – be it monitoring for evaluation of programs, organizational monitoring in terms of reporting within CAs, or monitoring with a view to single supply chains and compliance verification. As pointed out above, it is of pivotal importance to tackle this challenge and harmonize efforts for effective strategic use of public spending. How this can best be done and what key points should be addressed remain unclear at this point, and could therefore be subjects for further research.

5.4 Effectiveness in achieving the policy goals

While the study has provided preliminary insights into the effectiveness of GPP and SRPP practices of contracting authorities and the chances of achieving the targeted policy goals, many questions remain open: How effective are different approaches to GPP with respect to procuring more green, social or innovative works, goods, and services? How to maximize effectiveness in achieving these goals? How do the costs of different approaches to GPP, SRPP, and PPPI relate to their effectiveness in achieving their goals? Further detailed case studies might help to gain a better understanding of these issues.

Also, further research might provide valuable insight into the areas in which GPP, SRPP, and PPPI are particularly helpful in achieving other policy goals and in which the use of different policy tools might be more appropriate.

Finally, Member States attempt to devolve responsibility for sustainable production and consumption on to private shoulders as well, especially with sustainability strategies and CSR policies. If, however, public and private buying strategies diverge, different signals are sent to the supply chains, so that policy objectives are not adequately achieved. Further research efforts comparing public and private procurement could, for example, reveal a need to main-

stream and align public and private activities in these areas, for example by harmonizing the ways GPP, SRPP and PPPI are addressed in tenders.

5.5 Economic impacts

Especially within the framework of the web survey and the interviews with public purchasers and suppliers, the issue of the cost induced by GPP, SRPP and PPPI was raised but not clarified. All in all, results of both survey and interviews show that taking into account environmental, social and innovation objectives is not necessarily considered to increase costs by experts in the field – at least not in terms of monetary values. It can be assumed that training plays a major role in forming such perceptions. Further investigations could be considered to assess how the costs of strategic procurement can be controlled. Again, product groups appear to be an adequate point of reference for such inquiries. In this regard, it could be investigated whether further mandatory requirements stipulated on the EU level would yield more harmonization and thereby increase cost effectiveness.

One particularly important aspect in this context is the use of LCC. Obviously, this approach has merits for the achievement of environmental, social and innovation-related objectives in public procurement. At the same time it does decrease long-term costs. Yet this approach is still not widely used. It would be important to obtain a better understanding of the economic losses caused by the non-implementation of LCC and of how to extend the adoption of this approach.

Some suppliers confirmed the potential leverage effect of public demand but indicated that it was not sufficiently used. At the same time, policy strategies at the national and EU levels point to the potential of public procurement to enhance innovation and thereby the competitiveness of European industries. Thus, the general argument is broadly accepted. However, a more thorough investigation into how strategic use of GPP, SRPP, and PPPI can provide broader economic gains could provide more impetus and strengthen further efforts in advancing GPP, SRPP, and PPPI, while simultaneously increasing their compatibility with economic objectives. In this respect, a more widespread investigation into the views of suppliers of GPP, SRPP, and PPPI, could also be revealing. For the purposes of this study, only few suppliers could be contacted. An investigation of the views of a representative sample of suppliers is likely to provide further interesting insights into GPP, SRPP, and PPPI.

The issues of policy coherence and competitiveness should be reflected particularly in relation to SMEs. SMEs can be considered a cross-cutting issue in this study project. SME promotion is a social and employment policy objective on EU and national levels; as PPPI efforts often focus on SMEs. Although it was not a task of this study project to assess the impacts of strategic public procurement on SMEs, interviewees hinted that SME competitiveness could be hampered though practices of integrating other policy considerations in tendering in general. In order to avoid conflicting impacts of GPP, SRPP and PPPI, further investigation could lay the groundwork for adopting more coherent policy and legal frameworks as well as developing tailored training and other tools.

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