Buying **green!**

Green public procurement in Europe

A summary

EUROPEAN COMMISSION

environment

Introduction

This document provides an overview of green public procurement (GPP) in the European Union (EU). It introduces the concept of GPP and summarises the key EU and national policies in this area. Examples are given of the outcomes and benefits of GPP, based on the approaches being implemented by public authorities throughout the EU. The legal and value-for-money aspects of GPP are also presented.

This summary is based on the more detailed *Buying Green*! Handbook, which is available to download in English from the EU GPP website
http://ec.europa.eu/environment/gpp/handbook

Further information about GPP at European and national levels is available from the resources listed at the back of this document.

The policy context

The European Union actively supports and promotes GPP in the context of its policy on Sustainable Consumption and Production. In 2008 the communication *Public procurement for a better environment* endorsed specific targets for GPP, while establishing a range of support measures to be implemented by the European Commission. More recently, the Europe 2020 strategy has identified public procurement as one of the key means of attaining smart, sustainable and inclusive growth.

Why GPP?

Public authorities in Europe are responsible for over 2 trillion Euros in expenditure each year, or 19% of the EU's GDP. This represents a major opportunity for the public sector to foster sustainable consumption and production. GPP can be used to reduce the direct environmental impact of public activities while influencing the market towards the delivery of greener goods, services and works.

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The benefits of GPP can be seen in:

- Meeting specific environmental goals and targets – for example CO_2 emission reductions, energy efficiency and conservation of natural resources
- Cost savings
- Increased confidence in public administration from citizens, businesses and civil society
- Encouraging innovation and supporting the development of competitive green goods and services and enlarging the market for these
- Creating healthier working conditions for staff
- Building capacity for public organisations to meet environmental and resource challenges in the future

Potential impact of GPP:

CO_2 emissions would be cut by 15 million tonnes per year if the whole EU adopted the same environmental criteria for lighting and office equipment as the City of Turku, Finland - reducing electricity consumption by 50%.

The legal context

The 2004 Procurement Directives (2004/17/EC and 2004/18/EC) explicitly allow for the inclusion of environmental considerations in procurement. Case law from the European Court of Justice had already underlined this – with key cases in 2002 (*Concordia Bus*) and 2003 (*EVN Wienstrom*) establishing the scope for inclusion of environmental criteria in competitive tenders. Provided that such criteria are applied in a fair and transparent manner, public authorities can pursue high environmental standards in their purchasing.

There are also EU environmental requirements in respect of procurement in certain areas – for example the control of hazardous substances, waste and recycling, purchase of clean vehicles, office IT equipment and the energy performance of buildings (see box).

Environmental obligations in specific sectors:

Office IT Equipment
Minimum energy-efficiency requirements apply for central government authorities purchasing office IT equipment, under the EU Energy Star Regulation (No 106/2008).

Road Transport Vehicles
Under the Clean Vehicles Directive (2009/33/EC), public authorities must take energy consumption and emissions into account in procurement of vehicles above the EU threshold. A common methodology for calculating lifetime operational costs is provided.

Buildings
From 2014 at the latest, minimum energy performance requirements must be applied in all new build and major renovation projects under the Energy Performance of Buildings Directive (2010/31/EU). All new publicly owned and occupied buildings must be "nearly zero-energy" by 2019.

Acting fairly

In addition to achieving value for money, public authorities have an obligation to act fairly in their procurement – which means applying the principles of the internal market. These include the principles of transparency, equal treatment, non-discrimination and proportionality. Contracting authorities must also avoid creating obstacles to competition, for example by applying overly restrictive specifications.

GPP can be carried out in a way which fully complies with these principles, and the approaches developed at EU level and by Member States reflect the legal requirements which apply. The *Buying Green*! Handbook provides detailed guidance on how to carry out GPP in line with the EU rules on public procurement. This covers each of the stages of the procurement process.

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Consulting the market

Consultation with the market in advance of introducing new GPP requirements is one way in which procurers can inform themselves of the likely impact upon competition. Approaches such as the `technical dialogue´ can allow for a greater knowledge of the green options available, and are allowed under the EU procurement rules provided they are carried out in a fair and transparent manner. Publishing a Prior Information Notice (PIN) which announces the intention to apply GPP criteria can also help to ensure the market is ready to meet these requirements.

Value for money

Buying green can save money as well as having environmental benefits. By addressing factors such as energy and water consumption, reduction of hazardous substances, use of recycled materials and waste management, GPP can help deliver cost savings across a number of product and service groups.

This is particularly the case when a life-cycle costing (LCC) approach is taken during the procurement process – to account for all of the costs that will be incurred during the lifetime of the product, work or service, not just the purchase price.

LCC can save costs by allowing procurers to choose the option which represents best value over its entire life-cycle.

GPP benefits:

The monetary impact of implementing proposed GPP criteria for furniture was assessed by the Department for Environment, Food and Rural Affairs in the UK. It was found that implementation of the criteria by all central government departments and executive agencies would lead to savings of £40.7 million (€47.2 million) over an eleven year period. The savings would accrue from reduced greenhouse gas emissions, greater use of recycled materials and lower replacement rates and waste management costs due to the reuse of furniture.

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In addition to purchase price, operation and maintenance and disposal, some LCC models assign a cost to specific environmental externalities such as CO_2 emissions.

For example, the **Clean Vehicles Directive (2009/33/EC)** provides a specific methodology for assessing the costs associated with fuel consumption, greenhouse gases and particulate matter emissions when purchasing road transport vehicles.

LCC can be used to support the choice of greener options including **indoor/outdoor lighting**, **building insulation** and other **construction materials**, **IT equipment** and other **energy-using products**.

A number of different voluntary tools and methodologies for LCC have been developed for application in the procurement process. Details of these are available on the EU GPP website.

GPP benefits:

The City of Vienna saved €44.4 million and over 100,000 tonnes of CO_2 between 2004 and 2007, through its EcoBuy programme. Working groups were set up to cover each product and service group and criteria developed to address the main impacts. Savings have accrued, for example, from the use of lower volumes of cleaning products and the installation of energy-efficient building fittings. A life-cycle costing approach is taken to calculate savings.

Meeting environmental targets

Public authorities at local, regional and national level are increasingly aware of the need to use resources efficiently and meet specific policy goals and targets for greenhouse gas emissions, energy, water and other natural resources, and waste. Land use and reduction in localised emissions from transport are also key issues for many authorities.

GPP enables environmental policies to be implemented in the context of contracts awarded by the public sector.

Potential impact of GPP:

If the whole European public sector were to adopt the Danish Ministry of the Environment's guidelines for cars, carbon dioxide emissions would be cut by around 100,000 tonnes per annum, and fuel and operating costs by a third. If all cars sold in Europe met these standards, CO_2 emissions would be cut by 220 million tonnes, more than a fifth of the European greenhouse gas emission reduction target for 2020.

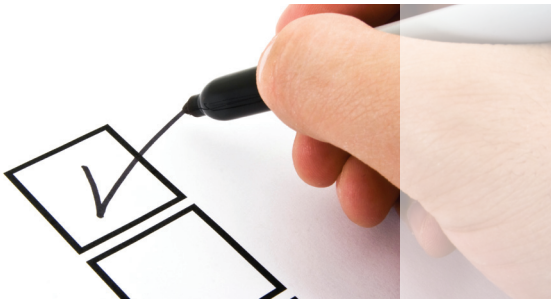
The GPP approach taken by the European Commission is to first identify the main environmental impacts associated with each product or service or work based on a comprehensive life-cycle assessment, and then propose green procurement criteria which address these impacts. This ensures the link between procurement actions and environmental benefits is clear.

Image: sxc.hu

What is needed to implement GPP?

Many public authorities in Europe have taken the approach of establishing a GPP policy, or including commitments to GPP implementation within other policies. A majority of Member States have adopted a National Action Plan on GPP.

GPP requires effective co-operation between different departments and staff members within an organisation. Moreover, high level support is generally considered to be an important factor in determining the success of GPP implementation.



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To be most effective such a policy should:

- Set out clear targets, priority sectors and timeframes
- Indicate the scope of the purchasing activities covered
- Assign overall responsibilities for implementing the policy
- Provide for effective communication of the policy and make appropriate guidance and training available
- Include a mechanism for monitoring performance

Example: Romania trains public purchasers in GPP

In 2009 a GPP training programme was initiated in Romania by the Ministry of the Environment and Forests with the objective of raising awareness about the environmental benefits of GPP, and disseminating relevant tools, methods and good practice. Outcomes of the training programme include a report on the inclusion of green criteria in tender documents, a GPP-focused network of public procurers within the central public administration, a Trainers' Handbook on GPP and 49 individuals able to act as trainers.

A number of resources for GPP implementation have been developed at EU level and can be accessed from the EU GPP website. The website includes information on the policy and legal framework for GPP, latest developments at EU and Member State level, studies about GPP, training materials, and many other useful resources.

It also contains the **EU GPP Criteria** and **Technical Background Reports** in a number of different EU languages. The EU GPP criteria cover a large range of products and service groups commonly purchased by public authorities. The means for verifying compliance with the criteria are clearly set out, in order to ensure that purchased products and services actually deliver the expected environmental performance.

The criteria can be directly inserted into tender documents and are divided into two types, core and comprehensive. The core criteria address the key environmental aspects and are designed to be used with minimum additional verification effort or cost increases. The comprehensive criteria aim at purchasing the best environmental products available on the market.

EU GPP Criteria available

(as of September 2011):

- Copying and graphic paper
- Cleaning products and services
- Office IT equipment
- Construction
- Transport
- Furniture
- Electricity
- Food and catering services
- Textiles
- Gardening products and services
- 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
- Mobile phones

Further criteria are under development and will be published on the EU GPP website.

Monitoring progress

Assessing progress towards GPP targets requires an effective monitoring system to be in place.

Several EU Member States have introduced, or are in the process of introducing, schemes to monitor national GPP implementation, which may set specific procedures to be followed for the gathering of information. The European Commission is also undertaking monitoring exercises.

As well as monitoring the number and value of GPP contracts, a regular qualitative review of GPP activities is advisable, focusing on barriers faced, corrective actions and further improvements required, together with an assessment of future targets.

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European Commission Monitors the Uptake of GPP

In 2009 the European Commission published a study examining the level of uptake of Green Public Procurement in seven Member States (Austria, Denmark, Finland, Germany, the Netherlands, Sweden and the United Kingdom) for the years 2006 and 2007.

The study looked at the use at different public administration levels of the first set of EU GPP criteria developed for ten product/service groups. It also included an analysis of the CO_2 and financial impact of GPP. The results of the study and a detailed description of the methodology developed for measuring the level and impact of GPP can be found on the GPP website.

In 2011, the European Commission organised a further study, this time measuring the implementation of GPP in all 27 Member States for the same ten product groups in the years 2009 and 2010. Results from this study will also be available on the GPP website.

Different types of contract require their own approach to GPP. Key elements of GPP implementation for construction, office IT equipment and paper and wood products are presented here, with examples of their application.

Construction works

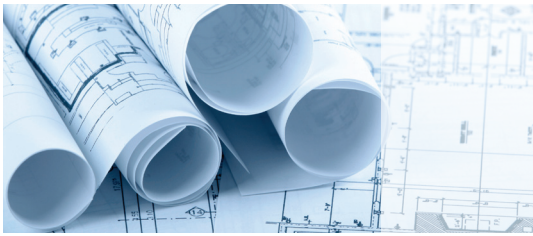
The substantial environmental impact of the construction sector (for example, buildings account for approximately 36% of EU greenhouse gas emissions and 40% of final energy demand) makes it an important area of focus for GPP.

Implementing GPP in the construction sector may involve the following elements:

- Selection criteria for architects and engineers based on experience in sustainable building design, and for contractors in applying appropriate environmental management measures on site
- Minimum energy performance standards, with additional points available for performance beyond the minimum
- Preference for designs which incorporate renewable energy systems
- Restrictions on hazardous substances in building materials and incentives for the use of sustainable timber and materials made of recycled content
- Contract clauses related to waste and resource management and transport of construction materials to site which minimise environmental impact

Example:

In Malta, specifications for a new school building required it to be energy self-sufficient through the use of on-site renewable energy production. Tenderers were able to present different solutions for achieving this goal. Minimum levels of energy and water efficiency were specified, with additional points available for even better performance during the award stage.



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Office IT equipment

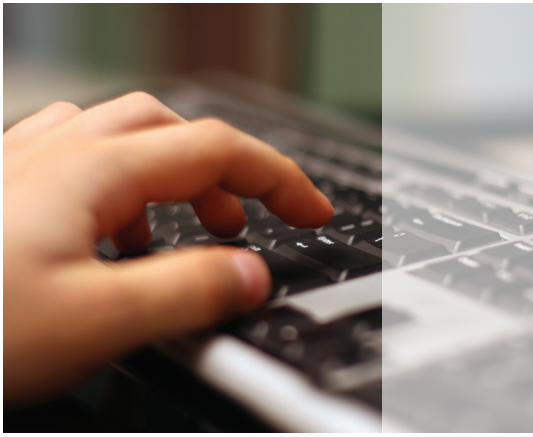
Public authorities are major consumers of office IT equipment and the potential to achieve savings in this area while helping to shift the market to higher environmental standards is great.

GPP approaches to IT equipment typically encompass:

- Energy-efficiency requirements in operational, stand-by and off-mode. Central government authorities must apply the latest energy-efficiency criteria set out in the EU Energy Star Regulation as a minimum. Higher marks may be available at award stage for energy performance which exceeds the prescribed minimum.
- Design which ensures durability and facilitates the upgrade or replacement of components, e.g. readily accessible memory cards, and easy disassembly to facilitate recycling of parts
- Restrictions on substances which have been identified as hazardous to human health or the environment
- Restrictions on noise levels

Example:

In 2010, Stockholm County Council introduced GPP requirements for computers which specify very low energy consumption, the use of recycled plastic in new products and the elimination of lead, mercury and halogenated flame retardants from new computers. By the end of 2014, the County Council expects to have lessened the climate impact of its computers - including during their use phase - by 40%, reduced the weight of hazardous substances by eight million kilograms and cut the County Council's CO_2 emissions by two million kilograms.



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Paper and wood products

The production of paper and wood products can impose a heavy burden in terms of deforestation, loss of biodiversity, water and energy consumption and release of chemicals.

Many public authorities have incorporated criteria such as the following in their purchase of paper and wood products:

- Paper which is made from recycled fibres and/or virgin fibres derived from sustainably managed forests
- Paper which is totally chlorine free (TCF) or elemental chlorine free (ECF)
- Chain-of-custody information available to confirm the legal source of all timber (this is in accordance with the EU Timber Regulation No. 995/2010). This may be verified by way of a third-party certification scheme (e.g. FSC, PEFC or equivalent), or by a licence granted under the FLEGT scheme.
- For furniture, application of eco-design principles which enable the adaptation and reuse of items

Example:

The Bulgarian Ministry of the Environment and Water chose to specify 100% recycled fibre when ordering paper for use in its office. A pre-procurement market analysis revealed that this switch to more environmentally-friendly paper could be done without increasing the price. Following the Ministry's successful procurement, the Bulgarian Central Purchasing Body also concluded a framework agreement for the supply of 100% recycled paper to a number of public authorities.

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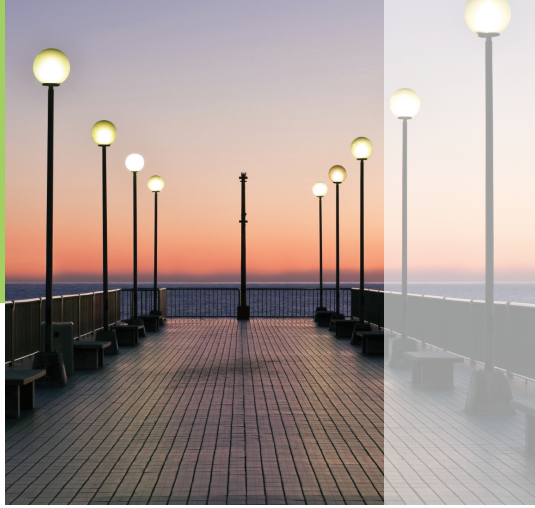

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Additional resources

The EU GPP website has been developed as a central point of information on GPP. From it you can access:

- Common EU GPP Criteria and Technical Background Reports
- The *Buying Green*! Handbook on Green Public Procurement giving advice to purchasers on legal and practical aspects of GPP
- A GPP Helpdesk to respond directly to stakeholders' enquiries
- A News-Alert featuring the most recent GPP news and a number of examples of GPP implementation in Member States
- Information on LCC methodologies, eco-labels and other sources for GPP criteria development
- A list of responses to Frequently Asked Questions (FAQs) and a glossary of key GPP terms and concepts
- Latest information on Member State National Action Plans and policies
- Studies, projects, videos, court cases, legal and policy background and training materials

In addition, a number of valuable online resources are available from national GPP websites and European networks. Links to these are available from the EU GPP website

http:// ec.europa.eu/environment/gpp

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