



**GLOBE**  
EUROPEAN UNION EU

## Event Summary

### **GLOBE EU “circular” lunch on Green Public Procurement**

**November 8, 2016 from 13h00 to 15h00**

#### **Welcome and introduction – Sirpa Pietikäinen, president GLOBE EU**

Sirpa Pietikäinen opens the meeting by stressing that public procurement (PP) is a large part of the EU GDP, meaning that conducting PP based solely on price is not only an unsupportive act but is also preventing more innovative and sustainable solutions from entering the market. Sustainable procurement can create markets and business opportunities, which plays an important role in the EU economy.

#### **Presentation of the OECD report “The Role of Public Procurement in Low-carbon Innovation” – Richard Baron, principal advisor of the OECD Round Table on Sustainable Development**

Richard Baron presents the report and a few key takeaways:

- PP makes up around 14% of the EU GDP, which makes it an important instrument for demand-side driven innovation. However, PP is possibly ‘misaligned’ with climate goals.
- The past years have shown a paradigm shift, moving from focus on lowest cost of acquisition, towards a more comprehensive way of pricing (Total Cost of Ownership, LCA analyses, Most Economically Advantageous Tender, tender for services instead of products). Sustainable options are not necessarily more expensive. PP is also mentioned in the Sustainable Development Goals (SDG 12.7), the Paris Agreement, and the EU 2014 Directives on PP. Yet, the smarter methods are not used everywhere.

- Successful examples of low-carbon innovation PP:
  - Ampère Electric Ferry (Norway) tendered a ferrying service based 60% on price and 40% on quality (total energy, CO<sub>2</sub>, NO<sub>x</sub>, etc.). The winner was awarded a 10-year contract, and hence not only being given the chance to sell the product (i.e., an electric ferry), but also gain access to a market.
  - Ministry of Infrastructure and the Environment in the Netherlands (*Rijkswaterstaat*, RWS) are forerunners with their PP procedure MEAT (Most Economically Advantageous Tender). Two sustainability criteria are used, leading to a deduction from the bidding price. Thereafter, the adjusted bidding price selects the winner. The first criterion is CPL, a CO<sub>2</sub> performance ladder ranking companies, and the second is DuboCalc, a sustainable building calculator assessing the impact of the products used.
- To conclude, there are several benefits of collaboration between procurers and the private sector:
  - Market dialogues, where procurers and producers can discuss existing innovations
  - Prior information notice, giving the private sector and idea of the future demand and sector expectations
  - Pre-commercial procurement, similar to R&D procurement
  - EU's innovation partnership, stating time, maximum cost, etc.

**Comments by the European Commission (Robert Kaukewitsch, DG ENV) and Questions & Answers from the group**

A few takeaways from the overall discussion:

- Successful examples with strong professionalization and a competent procurement workforce can be found across EU. To name a few, Denmark, Netherlands, and Belgium have large initiatives on circular procurement. Lessons learned from the city of Ghent: Sustainable Public Procurement (SPP) has a high status at the procurement office; high collaboration and dedication to the task have decreased the turnover of personnel (happy procurers with a strong sense of purpose for their tasks remain in their positions) and have hence increased professionalization and decreased cost of training for new personnel.
- An important insight is that not everyone can conduct SPP and size of the tender call matters. Small villages and towns will not have the resources (e.g., time) or workforce needed and a cluster of procurers working together on the same call for tenders will

have more impact. For example, the Netherlands have decreased their procurement groups from around a thousand different entities to around 25 strongly specialized expert groups procuring a certain category of products. Another example is the procurement of CNG and electric busses in France.<sup>1</sup>

- Innovative procurement is a difficult and time-consuming task, requiring a professional market dialogue. Procurers are often operating under strong budget constraint. Furthermore, they must manage to invite companies for discussions but at the same time avoid favoring certain actors in the process.
- Strong policy support is needed, but policy support must also be translated into tangible workforce and spending.
- (S)PP should be used to fill a gap in market spectra or solve a problem – it is a great opportunity to make lead markets available, but few exist to date. The key takeaway from forerunners such as RWS is that you should not miss out on an opportunity to create sustainable markets through increased SPP efforts. Most new initiatives will probably differ from the unique RWS approach, but the core idea is to identify the products that do not reach the market, and make sure these are brought to market in a fair and sustainable way.
- A transition from selling towards leasing of products (also commodity products) is likely to happen within a near future, especially with the increased European focus on circularity of the economy. Also performance-based procurement, rather than content-based procurement, can be expected to drive a more sustainable procurement process.
- Sharing best practices is crucial to enable change, and lessons learned from forerunners must be shared and brought into the discussion. The European Commission has an initiative for ‘peer to peer learning’, aiming to increase technological proficiency and share knowledge between regions. In practice, a region can indicate their need to the European Commission or ask for information about forerunners in the field, and if possible experts will be brought together to enable knowledge sharing.

To conclude: There are several benefits of collaboration between procurers and the private sector, such as sharing of practices and visions. Also the Paris Agreement plays an important role for PP as governments have committed to sustainability, and the agreement makes it legitimate to question how current actions are connected to the outlined goals. Furthermore, there are already plenty of examples of how both financial assets and the environment can be saved through increased SPP efforts.

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<sup>1</sup> <http://www.eltis.org/discover/news/expansion-cng-and-electric-buses-planned-paris-france-0>