

Potential for Green Public Procurement as a case for Green Budgeting: preliminary reflections

Jo Versteven, ICDO plenair, 21 December 2023

* Green Public Procurement: a case for Green Budgetting?

- Concepts
- Objectives
- Ex ante analysis
- Ex post evaluation
- Preliminary conclusions

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Green budgeting:

“a process whereby the environmental contributions of **budgetary** items are identified and assessed with respect to specific **performance indicators**.”

(Mrs. Pojar, Environmental Assessments within Green Budgeting, Discussion paper 175.)

- Budget: 14% GDP
- Green (or sustainable): strategic use of procurement
- Indicators: reference to ex ante analysis / ex post evaluation

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Tensions in objectives

Last decade: shift in EU debate:

- From 'how' to buy to 'what' to buy
- From 'voluntary' procurement to 'mandatory' procurement

BUT: Strategic procurement has its inherent tensions:

- example: Royal Decree 21 Juli 2023 on federal centralized procurement in the framework of the federal buying policy

Tensions in objectives

Royal Decree 21 July 2023 (Report to the King)

“The **first objective** of this draft is to increase the efficiency of current federal common forms of procurement [supplies and services]. In particular, it **aims to achieve savings and efficiency gains in terms of budget** [economies of scale] and workload [...].”

Second objective: SME [...]

“The first objective [...] may seem counterintuitive in some situations and for some public contracts to increase SMEs' access to public contracts. To eliminate this contradiction, the SFA should make a balanced decision per procurement domain as to the procurement strategy to be followed.”

Tensions in objectives

Royal Decree 21 July 2023 (Report to the King)

“The **third objective** of this draft is to promote the **sustainability of supplies and services**.

[...,awareness-raising buyers, legal and technical tools, help from support services, training, monitoring,...].”

Conclusion on first objective + third objective = ...

- * Question: Is green/sustainable procurement more expensive?

Tensions in objectives

* Statement:

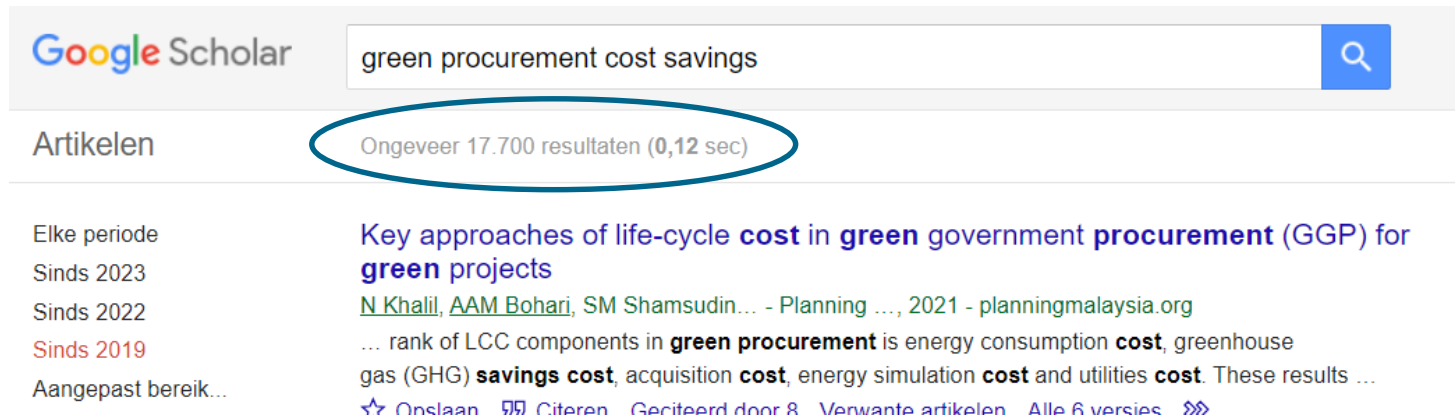


Sustainable public procurement
=
more expensive procurement



Tensions in objectives

- * Lot of discussion between scholars:



The screenshot shows a Google Scholar search interface. The search bar contains the text "green procurement cost savings" and a magnifying glass icon. Below the search bar, the word "Artikelen" is displayed on the left, and "Ongeveer 17.700 resultaten (0,12 sec)" is displayed on the right, circled in blue. Below this, there are filter options: "Elke periode", "Sinds 2023", "Sinds 2022", "Sinds 2019", and "Aangepast bereik...". The main search result is titled "Key approaches of life-cycle **cost** in **green** government **procurement** (GGP) for **green** projects" and is attributed to "N Khalil, AAM Bohari, SM Shamsudin... - Planning ..., 2021 - planningmalaysia.org". The abstract text begins with "... rank of LCC components in **green procurement** is energy consumption **cost**, greenhouse gas (GHG) **savings cost**, acquisition **cost**, energy simulation **cost** and utilities **cost**. These results ...". At the bottom of the result, there are links for "Onslaan", "Citeren", "Geciteerd door 8", "Verwante artikelen", and "Alle 6 versies".

Tensions in objectives

- * Is there a paradigm on green and budget in public procurement:
“Green procurement = more expensive”?
- * Is the paradigm appropriate?
- * Is the question appropriate?

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Ex ante analysis

- * “Such analysis can be seen as a form of impact assessment. An impact assessment is “a process that prepares **evidence for political decision-makers on the advantages and disadvantages of possible policy options** by assessing their potential impacts” (European Commission, 2009).p 5”

(Mrs. Pojar, Environmental Assessments within Green Budgeting, Discussion paper 175.)

Ex ante analysis

- * Study FOD BOSA – KU Leuven – FIDO (spring – autumn 2023)
 - Analysis of federal buying needs (procurement 2022 – 2025)
 - (Federal) budget analysed: 2.84 bilion euro
 - Objective: Ranking products and services based on:
 - > risks(for people and the environment) and
 - > opportunities (for social and circular economy)
 - > procurement volumes (spend)

Ex ante analysis

* Study FOD BOSA – KU Leuven – FIDO (spring – autumn 2023)

Aard van de analyse	Sub-domein	Score (max)
A. Risicoanalyse	A1. Arbeidsschendingen bij leverancier en waardeketen	25
	A2. Impact op lokale gemeenschappen	15
	A3. Milieurisico's	25
	A4. Klimatrisico's	25
	Risicoscore	90
B. Strategische analyse	B1. Globaal aankoopvolume door federale overheid	5
	B2. Strategisch belang	5
	Opportunitesscore	10
	Urgentiescore risico's (A + B)	100
Aard van de analyse	Sub-domein	Niveau
C. Opportuniteitsanalyse	C1. Potentieel voor sociale economie	Laag/medium/ hoog
	C2. Potentieel voor circulaire economie	Laag/medium/ hoog
	Urgentiescore sociale economie & urgentiescore circulaire economie	Laag/medium/ hoog

Ex ante analysis

- * Study FOD BOSA – KU Leuven – FIDO (spring – autumn 2023)
 - 61 analyses (categories for products/services) executed
 - Sustainable priority product group list
 - > Top 10
 - > Top 20
 - > ...

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Ex post evaluation

- * BE e-procurement-systems and preliminary sustainable indicators
 - Indicators not granular enough (i.e percentage 'green'/'social' procurement)
 - Process – performance indicators
 - Reference needed to targets in regulation and policy documents
 - Limited scope: no coverage of the entire procurement and consumption cycle
 - Connection of procurement data with environmental indicators is needed

Ex post evaluation

- * Reflection: potential indicators for procurement?

- * CO₂- reductions (mitigation):
 - Carfleet-monitoring (Clean Vehicle Directive)
 - Percentage of green electricity
 - Percentage of fossil fuel procurement (heating, transport, ...)
 - Number of reduced air travel for business trips

- * Biodiversity indicators:
 - Area of indigenous species (parcs, constructionworks, ...) ?

- * Social indicators:
 - Number of people with disabilities (integration, training) involved via construction contracts

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Preliminary conclusions

* So:

Is Green Public Procurement a case for Green Budgeting?

Preliminary conclusions

YES, but ...

- Internal tensions in strategic procurement policy:
 - > ending blindness of budgeting system to green/social policies
 - > financial plan for specific green procurement needs?
- Alignment of (category specific) procurement with environmental policies
 - > i.e. fossil fuel procurement !
- (International) methodologies for ex ante analysis

Preliminary conclusions

YES, but ...

- Further development of category specific (buying)-indicators
 - > recent OECD initiative
- Expert capacity needed
 - > focus is still too much on formal buying-procedures!

* Thank you

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