BRIEFING

Requested by the IMCO committee

European Parliament

The EU's Public Procurement Framework

How is the EU's Public Procurement Framework contributing to the achievement of the objectives of the Paris Agreement and the Circular Economy Strategy?

KEY FINDINGS

The present public procurement directives entered into force in 2014 allowing national authorities enough flexibility to align procurement with social and environmental objectives. However, public authorities have not sufficiently taken up the possibilities to use strategic public procurement to introduce sustainable, green, pre-procurement or innovation-focused tools.

The existence of clear Guidelines and tools is essential to provide legal certainty for public procurement officials.in this respect, the European Commission has a central role to play and work is being undertaken to provide guidelines and off-the-shelf solutions. However, further action is needed to promote strategic public procurement and in particular Green Public Procurement requiring low carbon, life-cycle and circular approaches in public purchases.

The EU should increase – in tandem with the provision of assistance and tools – the number of mandatory green procurement requirements, either through technical specifications in the sectoral directives or through delegated acts to the procurement directives. A voluntary approach is not sufficient.

Member states should in turn professionalise the public procurement authorities and establish central purchasing bodies or national competence centres. There is a need for many member states to invest in professionalisation, training and ICT tools to mainstream strategic public procurement and in particular Green Public Procurement.

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Introduction

Public Procurement can be an essential element towards aligning the EU to the objectives of the Paris Agreement and the Green Deal's net zero emissions goals. It can also be a key element in transforming Europe's production and consumption model into one based on a circular economy approach.

These are the two objectives covered by this briefing. According to the European Commission, the value of public procurement, from over 250,000 public authorities in the EU, is 14% of Union GDP, or two trillion Euro a year.[1] Given the importance of public procurement contracts in the economy, procurement standards have a significant influence on the practices of private contracting parties and their subcontractors, and thus a significant indirect influence on the private sector as a whole.

With the circular economy underpinning the Green Deal, the public sector must take the lead. The legal public procurement framework is therefore a key aspect for review. The present framework comprises a set of EU directives that will be reviewed in this briefing.

The main EU directives that set the framework for public procurement are the Directive 2014/24/EU on public procurement a general directive[2] and the Utilities Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sector a specific directive for utilities.[3] Public procurement rules for utilities cover the water, energy, transport and postal services. The oil and natural gas exploration, financial, logistic, electronic and philatelic services relating to postal services may be exempted from the rules, since they operate in a competitive environment. The general rules are applied in those sectors.[4] These directives entered into force in 2014 and had to be transposed into national legislation by 18 April 2016.

The directives' main objectives are both high-level and general, and aim to simplify public procurement procedures and deliver better outcomes for societal and other public policy objectives, while achieving better value for money. The directives do not include any specific mandatory rules on emissions or circular economy, but they enable public authorities to use strategic procurement to address common societal goals in the procurement process. The goals targeted include environmental protection, social responsibility, innovation, combating climate change, employment, public health and other social and environmental considerations. This is in line with the Commission Communication of 2008 on public procurement for a better environment which provides guidelines on how to reduce the environmental impact caused by public sector consumption. It also explains how Green Public Procurement (GPP) can stimulate innovation in environmental technologies, products and services, furthermore it also addresses obstacles that authorities can face when trying to introduce GPP.[5]

The present system leaves the decision to use strategic public procurement largely to the Member States, but the European Commission has encouraged them to use it in the 2017 communication on making public procurement work in and for Europe.[6]

Alignment of EU public procurement Framework to the Paris Agreement and Circular Economy Strategy

The public procurement directives contain relevant articles that contribute to climate objectives or provide the possibility to introduce requirements in line with the strategic objectives listed above.

Articles 67 of Directive 2014/24/EU and Article 82 of Directive 2014/25/EU are of central importance for climate, sustainability or circular economy objectives. These articles introduce a non-exclusive set of criteria for tenderers that move beyond the focus on capital and operational costs, to include social and environmental goals and to foster innovation.

A core additional provision in the articles following the above mentioned (respectively Article 68 of Directive 2014/24/EU and Article 83 of Directive 2014/25/EU) is the description of the methodology for life-cycle costing (LCC) of investments. Not only is LCC essential for a financially sound investment approach, but these articles open the way to the internalisation of estimated social and environmental costs, such as greenhouse gas emissions or other pollutant emissions, as well as climate mitigation costs. To apply such approach, public authorities would assess the tenders based on MEAT (most economically advantageous tender) approaches. MEAT are methodologies that reach beyond least cost approaches. Methodologies vary according to the sector, objectives and side impacts targeted by the procurement call. The criteria need to be defined for the different calls in line with the legal obligations of the directives.

The European Commission and specialised networks are producing guidelines and tools to support public authorities. These guidelines and tools are presented in later sections in this report.

Strategic procurement approaches that are key for climate change and circular economy are Green Public Procurement (GPP), Sustainable Public Procurement (SPP), Pre-Commercial Procurement (PCP), and Public Procurement for Innovative Solutions (PPI). **Sustainable Public Procurement (SPP)** 'is a process by which public authorities seek to achieve the appropriate balance between the three pillars of sustainable development - economic, social and environmental - when procuring goods, services or works at all stages of the project.' [7] **Green Public Procurement (GPP)** "means that public authorities seek to purchase goods, services and works with a reduced environmental impact throughout their life-cycle compared to goods, services and works with the same primary function which would otherwise be procured." [8] Note that GPP often incorporates wider economic and social sustainability objectives and is even seen as an environmental extension of SPP. **Public Procurement for Innovative Solutions (PPI)** fosters the uptake of innovative products and services by either buying the process of innovation (early adopter) or buying the outcomes of innovation. This in turn promotes research and development and benefits innovative businesses entering the market. It also promotes the modernisation of the public sector. [9] **Pre-Commercial Procurement (PCP)** is a method used by the public sector to challenge the private sector to propose innovative solutions to achieve the objectives of the contractor. It encourages innovation and spurs competition for solutions.[10] Procurement processes can be hybrids of the above, incorporating several objectives.

It is important to note that the use of criteria beyond the capital cost option may violate the single market rules for competitive and non-discriminatory practices in public procurement. The directives require that all conditions have to be based on objectively verifiable and non-discriminatory criteria. In the absence of a mandatory methodology (for example when standards are determined in existing legislation (e.g. Energy Performance of Buildings Directive (2018/844/EU), the procurer should require a methodology that is easily verifiable and can be applied by any operator wishing to tender. The tenderers must also provide objectively verifiable information on the criteria used in their bid. To help public authorities and suppliers, the European Commission is publishing tools to apply LCC to products.

To ensure that methodologies adapt to evolving needs and knowledge, the legislation empowers the Commission to adopt delegated acts in accordance with Articles 87 of Directive 2014/24/EU and Article 103 of the Utilities Directive 2014/25/EU to update the methodological requirements.

The rules to be applied for technical specifications are listed in Articles 42 of Directive 2014/24/EU and Articles 60 of Directive 2014/25/EU. Article 43 of Directive 2014/24/EU and Article 61 of the Utilities Directive 2014/25/EU also give the option to require a specific label as means of proof. In their absence, the operator must provide proven equivalence through a conformity assessment. This would, for example, allow the requirement that products follow the EU's 'Eco-label' criteria.

In addition, the Directives include provisions to allow for procurement of innovative goods and services that are not yet available on the market. This is key to piloting and deploying innovations in the market, and is based on a structured partnership between the procurement authorities and the innovation partners. Potential procedures are spelled out in Article 26 of Directive 2014/24/EU and Article 44 of Utilities Directive 2014/25/EU. In addition, consultation with suppliers for advice on the preparation of procurement calls is permitted in Article 40 of Directive 2014/24/EU and Article 58 of Utilities Directive 2014/25/EU.

With these provisions, the Directives offer flexibility to encourage the use of 'strategic' procurement, to achieve EU objectives.

At the deadline for the transposition of the Directive into national law (on the 18th of April 2016) only seven of the EU-28 Member States had completed the process. The Commission followed up and notified the countries of the need to transpose the rules. While most countries followed through during the subsequent year, the European Commission felt necessary to open infringement procedures for four countries which had not yet done so by December 2017, namely Austria, Luxembourg, Slovenia and Spain.

While the transposition is by now formally completed, the possibility to use procurement as a strategic tool has not been fully utilised, for example to promote business practices that align to decarbonisation objectives or reduce the impact of operations and waste through green and circular economy approaches.

The European Parliament has deplored the slow uptake by Member States in its resolution of 2018 on public procurement strategy[11], and has called for action from the European Commission to develop guidance for Member States. While the European Commission has published guidelines for public authorities on different strategic public procurement approaches[12] (developed by specialised initiatives, such as the Procura+ network[13]), not many authorities have used them extensively. Point 8 of the Parliament's resolution calling for "the extensive use of innovative procurement to achieve smart, green and inclusive growth and to strengthen the circular economy", is still as valid today as it was at the date of publication.

Not enough progress has been made where Member States and local authorities have been left to determine voluntarily whether and how to set up public procurement systems that aim at decarbonisation and follow a circular economy strategy. It may be that authorities are concerned to introduce criteria beyond the mandatory level to avoid technical or legal mistakes. Without clear specifications, good guidance and prior capacity building, the barriers to mobilise the full power of public procurement remain high. However, a number of guidelines are now available for SPP, GPP and PPI, thus the slow adoption may well be due to lack of political will or technical capacity. Strategic procurement tools require technical expertise and closer monitoring and this may disincentive adoption.

Where there has been success, public authorities had to set mandatory technical specifications for more sustainable products to reduce carbon emissions. This is the case for the sectors where specific regulatory obligations apply, such as in the framework of the Energy Performance of Buildings Directives (2018/844/EU) and the Clean Vehicles Directive (2019/1161/EU). Based on these rules, authorities have to comply with the regulatory technical requirements for certain types of products which has also spurred innovative approaches in public spending.

The European Commission 2017 Communication on making public procurement work in and for Europe [14] lists the successes, but also the weaknesses in the use of public procurement for strategic objectives. It calls for member states to take action and target six strategic priorities to fully use the power public purchases in influencing the market practices. These priorities which the European Commission offers to help achieving are:

Ensuring wider uptake of strategic public procurement: The European Commission calls for member states to expand strategic procurement with the objective to apply it systematically and not exceptionally. This means mainstreaming the innovative, green and social criteria using MEAT approaches and fostering innovative solutions such as pre-commercial stage procurement for innovations, green procurement criteria to reduce environmental impacts.

Professionalising public buyers: The European Commission calls for the professionalisation of the public procurement authorities, improving the skills of the administrators. In many member states the low level of professionalisation of public buyers and a systemic problem to be addressed.

The changing culture and the increased use of strategic public procurement require a wider use of flexible practices, knowledge of markets and innovative tools. The public sector needs to put in place a comprehensive strategy to counteract risk aversion and to attract, train and develop talent and skills across the public procurement landscape.

Improving access to procurement markets: The European Commission expressed concern on the capacity of businesses to access the public procurement market, particularly SMEs. The rules in the directives contain provisions to facilitate the access of companies including to cross-border procurement. More has to be done by procurement authorities to improve access to procurement.

Increasing transparency, integrity and better data: Data is central to procurement. This is both for the public authorities to understand better the market and the needs, and monitor the impacts of the projects financed, and for companies to access information on procurement. Good information and transparency is key for policy makers to understand the way public purchases align to wider objectives, such as climate mitigation, social improvements or resource efficiency and circular economy.

Boosting the digital transformation of procurement: While strategic procurement requires a higher level of expertise and professionalism, the changes can be supported by digital technologies. The digitalization of all phases of procurement and the use of digital tools to analyse tenders and monitor the results can offer many solutions to effectively introduce strategic procurement practices. The EU can play an important role in creating digital tools to help public authorities across the EU.

Cooperating to procure together: The creation of central purchasing bodies (CPBs) that lead to a procurement at scale and under clear common practices. It facilitates the introduction of green public procurement practices and also increases the influence on the private sector, as the CPBs can bring together procurement from various authorities and generate scale. It is a proven approach to improve the professionalisation of public authorities in the area of procurement and to achieve the best MEAT results. The most advanced countries in the area of strategic public procurement in the EU and beyond use CPBs. CPBs can also facilitate collaboration in the EU and the adoption of the best practices, as well as better manage cross border projects through common procurement processes.

In the absence of CPBs, Member States should create centres of expertise to support the procurement of public authorities and monitor their performance.

Barriers to an effective public procurement aligned to the Paris Agreement and Circular Economy Strategy objectives

Many barriers still hinder the transition to a procurement system that fully deploys its potential to align the contracts awarded to the goals of the Paris Agreement and the Circular Economy strategy in a cost-effective manner. The directives do present a legal basis that opens the way to strategic procurement, but more is needed to actually see the widespread adoption of green and circular procurement in public authorities. A large number of barriers persists, many of which are not related to the EU legal framework.

This section will present the legal and policy, market, financial and accounting, capacity and technical barriers that are limiting the uptake of strategic public procurement. To transform this important tool into an effective instrument to change the market practices across the EU, there is a need for a concerted action at EU, national and local level to develop a coherent framework. Some countries have managed to develop strategies that align public purchases to climate and sustainability objectives, but expecting the automatic adoption of these approaches in all member states is not sufficient. The information below has been created from information provided by ICLEI[15] and the author's own interchanges with many authorities and project managers across the EU.[16]

1. Policy framework and clarity

One identified difficulty to apply strategic procurement is the apparent contradiction between some of the strategic objectives of procurement and fundamental rules of the single market. This means that many public authorities will be weary to go down the line of targeting environmental and social objectives. authorities consider that there is a tension between some of the strategic objectives and the rules of the single market in terms of open competitive tendering and non-discrimination. EU public procurement rules seek to avoid discrimination of tenderers on grounds of their nationality (which thus often means location) and of the sourcing of products, while many requirements in the procurement process to target social and environmental objectives could be challenged for being discriminatory if not very well designed. Examples would be local sourcing for social or environmental reasons, which may be considered counter to open competition, or negotiated procurement, such as pre-procurement, which may be considered also as a form of discrimination in favour of specific suppliers. Many authorities consider this to be a risk. This type of sourcing may be needed for specific social and environmental impacts, but could also inadvertently create unwarranted discrimination between providers.

Concerns have been expressed that the freedom to choose the criteria when drafting of technical specifications (for example for GPP) could become means for corruption, lack of transparency and favouritism.[17].It is important to highlight, however, that the use of stricter technical specifications with clear methodologies and standard tools can actually lead to the opposite result, creating better and verifiable metrics that limits possibilities to abuse the system.

Other stated difficulties for many member states are restrictive national rules and procedures, making it difficult to procure for low-carbon and innovative products. Changes in the legislation, new guidelines on procurement and the emergence of new technical requirements in directives are difficult for contracting authorities to adapt to. There will thus be a need to support the transition to a new era of 'strategic' public procurement.

It is important to point out that there is no single agreed definition of a circular economy or of what is required for a product to be considered circular or follow a circular life-cycle process. This creates a further difficulty for the contracting authorities. Circular procurement is described in the non-binding brochure "Public Procurement for a Circular Economy"[18] as 'the process by which public authorities purchase works, goods or services that seek to

contribute to closed energy and material loops within supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across their whole life-cycle'. There are some examples of circular procurement practices, but for many administrations setting up a circular procurement without a clear definition and methodology is far from straightforward.

Related to the above point, the voluntary option to use public procurement to promote low carbon and circular solutions is difficult for public authorities to take on. There is still a low level of awareness on the part of procurers about alternative solutions on the market and where to find them. A lack of competing bids from suppliers able to provide products and services based on the specifications required by the authorities may also be a risk for invalidating the procurement process.

2. Market barriers

Pre-Commercial Procurement that could encourage specific targeted solutions is not used often. It is also not easy to adopt, as it requires a detailed knowledge of the market and what is realistically possible. Authorities have also the option to use negotiated procedures, such as competitive dialogue. This requires a level of expertise on the part of public procurement officers that makes such an SPP, GPP, PCP and PPI approaches too difficult for many of them.

Concerns are not only held by the authorities, but also by the suppliers. Innovative forms of public procurement often mean a higher burden for the companies that have to develop new solutions, which may ultimately not be procured or may not have a market in the future.

Procurement processes that include sustainability oriented and innovative requirements are complex and for this reason the normal mandated procurement timeframes and expectations may not be realistic Procurement authorities need a sound technical competence to use the options available in an effective manner that reflects also the state of the market and the capacity and needs of suppliers.

The complexities faced by the public authorities also include taxes and regulations that incentivise the market for products that do not reflect the full environmental and societal costs, often impacting negatively on sustainably sourced materials and products that are repairable or easier to recycle. Countering market failures cannot be done through public procurement practices alone, there is a need for more overall policy coherence.

3. Financial and accounting barriers

Annual budgeting procedures can create considerable barriers to green procurement and life-cycle costing. The widespread use of rigid annual budgeting methods that only take into account capital costs or cover very limited life-cycle costs can lead to suboptimal procurement decisions.

Life-cycle costs methodologies, even those that aim at green procurement, often fall short when costing negative environmental externalities and negative social impacts. In the award criteria, SPP and GPP generally still only take into account operational costs and residual value (see Box 1). Other aspects can nevertheless be incorporated through additional specifications on costing positive and negative externalities and wider objectives. The benefits of life-cycle costing may not be taken into account by the procurement officials because covering operational costs is not their responsibility and not part of their budget.

Many public procurement approaches lack coordination, i.e. different procurement departments handle the purchase of different goods and services. This has been resolved in countries and regions were CPBs operate.

4. Technical and administrative capacity

Procurement processes require advanced knowledge of green and circular technologies, in addition to social aspects, which means the involvement of professionals with technical knowledge and/or access to advisory bodies and specialised tools. This is not only for the officials handling procurement, but also for decision-makers. Generally, the level of understanding of SPP, GPP, PCP and PPI is still low at senior management level, where choices are made.

Procurement processes are often still used with rigid technical specifications rather than focusing on the outcomes and expected social and environmental externalities.

SPP, GPP and PPI procurement requires a capacity to measure and audit project finances and know the supply chain of the products procured. Also, the necessary life-cycle approach needs tools for reporting, monitoring and verification, which public authorities rarely have the capacity to provide. Tools would need easy reporting mechanisms for the suppliers. For most authorities, SPP, GPP and PPI are complex niche approaches, not yet mainstream, and the resources allocated to this are generally minimal. Public authorities need to keep track of the rapid technological changes in this area.

There are no easily accessible tools to verify the implementation of 'sustainable' or 'green' practices and to measure and monitor the impacts of the products and services procured. There is some more advanced standardised methodology in the areas of energy efficiency and some emissions measurements, but for full life-cycle monitoring and verification the methodological approaches are still not well developed.

Successful procurement approaches all have the feature of having well developed e-procurement tools, for project selection, reporting and monitoring. Many public authorities do not have the right systems or use them incorrectly (for example by not recording correctly all information), hampering the implementation of strategic procurement and making an analysis of the public purchases difficult.[19]

Best practice examples

The European Union is, despite its numerous weaknesses, at the forefront of strategic public procurement, and there are a few countries where, for example, green public procurement is already mainstream. This section will give a short overview and also illustrate some best practices.

1. Sustainable and green public procurement practices abroad

The use of GPP in 25 countries has been reviewed and published in August 2019 by the Global Efficiency Intelligence with the support of the ClimateWorks Foundation.[20] While a number of European countries score well in this review, the country with the best results is Japan. The reason for the success has been the early adoption of green public procurement (Japan is a pioneer with GPP practices starting in the 1980s), mainstreaming many of the requirements over the years and leading to the mandatory use of GPP for 70% of public agencies today (it is mandatory for all national level offices but voluntary for local government and local administrative agencies). The legislation and guidelines are also supported by the efficient use of product labelling which reflects the country's basic policy on promoting green purchasing. The government has a database with 15,000 products and services that have been rated, helping the procurers to understand the market and the number of providers to ascertain the procurement options. The authorities also introduced a well-established monitoring mechanism. The experience of Japan in developing a coherent framework and basic principles can be an example to follow for EU authorities, especially at central government level, although the labelling should be set at EU level.

Another country used as an example of good practice is South Korea, where GPP and the Eco-label have been in place since 1994. The country has a Central Public Procurement Service that provides for the necessary infrastructure and ensures coherence. The model may be replicable in EU member states to some extent, but it may be difficult to achieve it at EU level because of the heterogeneity of the national markets, which would make such centralised system difficult.

Nevertheless, what is important is the existence of very advanced online tools linked to the central procurement office, which allows for the spontaneous reporting of practices and results. The information is transparent and accessible to the public.

The example of the two countries is important, as their practices are very advanced and have de facto introduced the sustainability and green procurement criteria as part of the normal procurement process and not as a specialised marginal practice.

For non-EU countries that have been reviewed including Canada and the USA, the Green Public Procurement and aspects of sustainability have been introduced later and not as a primary tool. The use of SPP or GPP is often confined to specific sectors. Being federal countries, there are some particular parallels with the EU, federal procurement rules are not the same as the rules of procurement from the individual state authorities that have a considerable flexibility on how to purchase goods and services.

2. Best practices in the European Union

Best practices in SPP, GPP and IPP are on the increase but still represent a marginal part of public procurement in many member states, while aspects of green practices and circular economy should become mainstream to be successful in influencing the private sector.

Some countries are leading in green procurement. Finland is an example where public authorities aim to introduce green objectives in all the procurement calls. 2020 is the year that Helsinki targeted to reach 100% of the city's procurement to include environmental criteria. The same target can be found for the region of Flanders in Belgium. The Netherlands has also made GPP mandatory for all central government purchases by 2010 and all other public authorities by 2015. Not many countries come near to these ambitions, but progress is being made, particularly in the wealthier member states with the most advanced administrative capacity. Some member states have included in their objectives very ambitious public procurement targets, but have not been able to put them into practice. Slovenia is one of the few Member States that has an objective to make GPP mandatory, and had a target 50% of contracts using GPP in 2012. However, by 2015 only 16% of contracts followed GPP criteria. Progress has been made, but there are still many hurdles to overcome to mainstream it.[21]

Good sources of examples can be found in the European Commission's list of GPP good practices by DG Environment,[22] ICLEI's sustainable procurement platform and the Procura+ network.[23] Some selected examples are presented below, those are chosen due to the very different nature of the investments, from furniture to hard infrastructure.

Table 1. Some examples of sustainable and sustainable public procurement projects in the EU

EU Project	Good practice, impacts and lessons
Netherlands - Ministry of Infrastructure and Water Management https://procuraplus.org/fileadmin/user_upload/Procura__case_studies/Procuraplus_case_study_Rijkswaterstaat.pdf	
Sustainable reconstruction of the A6 motorway This example is important for the reduction of the environmental impact of road infrastructure over its lifetime. The ministry developed tools to combine price and quality requirements, in combination with a measurement of CO2 emissions. The project is a Design, Build, Maintain and Finance (DBMF) project worth over €300.000.000 (over 30 years) that includes the whole lifecycle for 30 years. The selected consortium offered innovative materials and incorporated RES systems. This halved the CO2 emissions of the motorway over the lifetime of the infrastructure.	The Dutch government aims to align procurement to its emission targets, as well as to the target to have 100% sustainable procurement (via green criteria). The procurement process includes a whole life-cycle approach to the expected life of the infrastructure. In addition to price, quality criteria play an important role in the award decision. It adjusts the total price in steps of 1% for each performance improvement up to a determined level. The tool to assess the life-cycle cost is provided (DuboCalc),[24] so that the tenderers can test their plans based on the procurer's criteria. The tool has been developed by the national authorities and is available online.
UK - Public Health Wales https://procuraplus.org/fileadmin/user_upload/Procura__case_studies/Procuraplus_case_study_Public_Health_Wales.pdf	
Design of office space and procurement of furniture This example shows that green and circular procurement can be used in most areas of procurement. Public Health Wales adopted a new tendering approach when moving office in 2016. It sought suppliers who could reuse and remanufacture as much already owned furniture as possible. A consortium of responsible suppliers delivered the solutions, including a sustainable office design company	Public Health Wales adopted a new tendering approach when moving office in 2016. It sought suppliers who could reuse and remanufacture as much already owned furniture as possible. A consortium of responsible suppliers delivered the solutions, including a sustainable office design company. The tender preparation included and inventory of existing furniture, leaving the options of buy back, refurbishing or replacing furniture. Impacts:

EU Project	Good practice, impacts and lessons
The tender preparation included an inventory of existing furniture, leaving the options of buy back, refurbishing or replacing furniture.	Reduced 134 tonnes CO2 emissions 41 tonnes of waste diverted from landfill 94% of furniture was reused or remanufactured, 2,563 items reused. The procurement process included existing stocks of furniture and engaged the staff in determining the actual needs. It sought to encourage refurbishing and reuse of existing furniture. In so doing it attracted new businesses in the area of sustainable office design and companies focusing on responsible supply.
Flanders, Belgium - Department of Environment & Spatial Development https://procuraplus.org/fileadmin/user_upload/Procura__case_studies/Procuraplus_case_study_Flanders.pdf	
Monitoring progress towards SPP in Flanders, Belgium This example shows the importance of ICT solutions to promote the use of sustainable standards in procurement. The Federal Government of Flanders introduced the goal of reaching 100% of SPP by 2020. In 2013 it launched a programme to develop the necessary tools for SPP that all procurement offices can use. This led to a rapid uptake of SPP principles compared to areas the tool did not cover. The authorities have thus been expanding the tool to all public procurement areas. A central contact office supports the authorities in the use of SPP criteria.	The access to the right tools and support has a strong impact in promoting SPP practices. The development of the tool also leads to a better understanding on what is to be required and monitored to be more effective. The tool is considered essential to ensure SPP is mainstreamed in all actions of the Flemish authorities.

Reform proposals for an effective procurement in line with decarbonisation and circular economy objectives

The analysis above identifies numerous outstanding barriers to move from least-cost approaches to procurement practices that take into account the whole lifecycle of products and the impacts on society and the environment. Some of these barriers are being addressed in the new Circular Economy Action Plan[25] adopted in March 2020, which also aims to enhance the use of green public procurement.

The Action Plan considers effectively that the present situation based on voluntary action falls short from what is needed, because there is no comprehensive set of requirements to ensure that all products acquired become increasingly sustainable aid aim at circularity. According to the Plan, **the Commission will propose as of 2021 the introduction of minimum mandatory GPP criteria and targets in sectoral legislation in addition to compulsory reporting to monitor progress**.

The Action Plan aims at strengthening the legislative framework, with a particular focus on **the Ecodesign framework**, which covers the broadest range of products. To do so it will consider including sustainability principles for products. Such a move will be accompanied by reforms of the public procurement policy, requiring **minimum GPP criteria and targets, and phasing in compulsory monitoring**.

The measures will be supported by further initiatives to increase the capacity of public authorities. E.g. by **strengthening the instruments to exchange best practices and having more training opportunities**.

The Commission has already published previously the 3rd edition of the "Buying Green!" handbook[26] that includes guidelines on sustainable procurement practices and the brochure "Public Procurement for a Circular Economy" providing an overview of the European procurement policy framework.[27] In addition, the training toolkits are being revised and training schemes with national public authorities are taking place. Finally, a mapping exercise was initiated to identify how the uptake of green public procurement could be strengthened in the Commission's own procurement and in the spending of EU Funds. The monitoring framework for circular economy adopted in 2018 includes an indicator on Green Public Procurement.

The Commission intends to reform the Best Available Techniques reference documents (BREFs). This will lead to the **introduction of circular economy considerations into BREFS**, such as for water use and industrial emissions.

Based on the review undertaken some additional the recommendations made are the following:

1. At EU level

The public procurement directives provide the necessary framework to introduce SPP, GPP and PPI across the EU. However, the uptake is insufficient and action has to be taken. Guidelines and technical support are quintessential, but the voluntary adoption alone of good practices seems to be insufficient. **The European Commission's announcement for minimum GPP criteria and targets, and phasing in compulsory monitoring, is a welcomed step.** However, while mandatory obligations should be put in place, **easily available off the shelf tools should be made available** to ensure Member States can follow through in practice. These are increasingly being prepared through European Commission initiatives and the work of organisations such as ICLEI or the Procura+ network and this work has to be reinforced. The JRC has already been working on technical criteria[28], but more has to be done to consolidate the existing information. **The EU should support the development of a platform with a large procurement network**. This can be done by building on the existing networks, e.g. launching a call for an expansion of the existing Procura+ Network[29] with online tools, good practices and training opportunities.

Delegated acts or technical requirements for sectoral directives should make green public procurement mandatory (as is the case for the Energy Performance of Buildings Directive (2018/844/EU) and the Clean Vehicles Directive (2019/1161/EU)). The **methodologies should be understood by all stakeholders**, as it is important suppliers can all adopt them. A phase-in time for implementation and training can be offered through EU programmes. Several public authorities in the EU and beyond have been successful in introducing GPP as an integral part of all public purchasing calls, and these existing experiences should be followed up. For GPP there should be a mandatory share of public procurement for central and federal government bodies, increasing over time until green procurement standards are part of all purchases. The addition of social aspects and the use of PPI are more context specific and not always applicable; these can remain mainly voluntary even if encouraged and supported by tools and methodologies. Some minimum share of PPI and GPP with additional social objectives can also be made mandatory.

GPP guidelines should over time be adapted to integrate circular economy approaches. Through GPP it is possible to create a 'pan European' market-based approach that would impact standards of production in the ICT, construction, textiles and possibly even furniture manufacturing. Public procurement could then be a strong driver for good practices in the private sector and could even impact products from importers that aim to be part of the offers available. Many products and their components are not of EU origin and the demand for compliance would in some cases affect non-EU producers that depend on EU demand. Basic aspects such as including end of life reuse and/or recycle should become mandatory, but tools and approaches for full lifecycle considerations should be created to assist public authorities to incentivise suppliers to adopt circular solutions. **More work needs to be done at EU level to better define how to introduce circular economy considerations, this will also have to include tools for effective monitoring of the responses by suppliers**.

The European Union should also ensure that the criteria used in strategic public procurement can be easily adopted by all operators in the EU, to avoid indirect protectionism. This is already a legal requirement in the directives, but it can be daunting to implement if there are no standardised methodologies available. This strengthens the need for off-the-shelf tools and the **existence of clear Europe-wide labels**, such as the Ecodesign label. Again, these are issues addressed by the directives, but the higher the number of EU level recognised labels the lower the risk of infringements.

Member States should be required to include GPP in their National Action Plans.

2. At national level

Member States should review their public procurement practices and professionalise the sector. In a number of member states administrative capacity, practices and ICT systems are not up to the task of strategic procurement. Where this is the case, the authorities should take advantage of the training and tools being prepared and provided by the European Commission, as well as by specialised organisations and networks mentioned in this briefing. The quality of e-procurement is central to the achievements of strategic procurement objectives, a serious e-procurement strategy is necessary. This includes developing tools that help authorities assess projects, facilitating the reporting of progress and monitor any expected results. The costs of professionalising the bodies responsible for public purchases can be recovered through by the positive impacts of such improved practices. It is important that **tools for monitoring, verification and reporting form an integral part of the professionalisation** of public procurement.

Member States and federal authorities should consider creating Central Purchasing Bodies (CPBs) to have coherent and coordinated procurement. Given the still limited availability of products using recycled material or the right production methods, these CPBs can better identify how to encourage them nationwide over time. In the absence of such central procurement offices, **at least national competence centres should be established** to enhance coordination and develop the skills.

To promote SMEs and wider behavioural change in the private sector, **public procurement should allow for buyer groups and networks of suppliers.** In the absence of this option, SMEs will not be able to join many calls reducing the impact of strategic procurement on business practices in a large sector of the economy.

Introduce **ambitious but realistic strategic procurement targets**, especially for GPP, backed up by the necessary training and access to tools and ICT materials. The objectives and the actions to achieve them should be part of the **national action plans**.

1 Communication from the Commission on "Making Public Procurement work in and for Europe", COM(2017) 572 final.
2 Directive 2014/24/EU on public procurement
3 Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors.
4 https://ec.europa.eu/growth/content/public-procurement-utilities-sector-water-energy-transport-and-postal-services-0_da.
5 Communication from the European Commission on "Public procurement for a better environment", COM (2008) 400 final.
6 Communication from the Commission on "Making Public Procurement work in and for Europe", COM (2017) 572 final.
7 https://ec.europa.eu/environment/gpp/versus_en.htm.
8 ibid.
9 European Commission (2018), "Commission notice – Guidance on Innovation Procurement", C(2018) 3051 final.
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14 Communication from the Commission on "Making Public Procurement work in and for Europe", COM (2017) 572 final.
15 ICLEI is an influential international association for local governments founded in 1990. Originally named 'International Council for Local Environmental Initiatives' it is called 'Local Governments for Sustainability' today but retained the acronym. It is very active and influential in the development of standards and tools for local authorities, influencing considerably public policy.
16 The barriers and recommendations unless otherwise specified, originate largely from an interview with Mark Hidson, Deputy Regional Director, Global Director, ICLEI's Sustainable Procurement Centre. The information has been complemented with the authors experience in his numerous exchanges with public authorities and projects managers working for the Smart Cities Information System, the Horizon Project on post carbon cities POCACITO, and the Horizon Project CICERONE for the set-up of the EU Circular Economy Innovation Platform.
17 See e.g. Judith van der Zwan (2018), "A qualitative study on the status and prospects of Green Public Procurement in Slovakia", A-id, Research Paper October 21, 2018.
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23 The UK practices still fall under the period of EU membership.
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