

Decarbonizing the EU's road and construction sectors through green public procurement

The case of France and Germany



SEI brief

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Key insights

- Public procurement in France and Germany together represent about a trillion euros of spending each year. Shifting those funds to ambitious green public procurement (GPP) practices, for road transport and construction in particular, can send important signals to industries and accelerate their decarbonization.
- France's centralized system allows for top-down national policies, targets and monitoring systems. Germany's system is more decentralized, due to higher freedom to set policies at the state level, which leads to less top-down influence.
- In France, the uptake of GPP is currently lower than levels for which the national goals advocate; a mandatory GPP policy for all sectors takes force in 2026. In the case of Germany, it is difficult to get a clear picture of the GPP uptake due to state-level differences and insufficient monitoring.
- Despite positive signs in both countries, similar barriers remain: lack of knowledge and capacity at the local procurer level, as well as lack of standardized data and reporting systems.

Government spending on public works, goods and services, i.e. public procurement, in the European Union (EU) accounts for about 14% of the EU's GDP. Consequently, the EU and its Member States can make a great impact in accelerating the development and uptake of low-carbon technologies through green public procurement (GPP), through which government spending must reach certain targets or meet requirements for environmental sustainability.

This brief is part of a wider project financed by Breakthrough Energy, to understand the divergences in GPP uptake in different EU Member States and to identify key barriers to greater adoption and opportunities ahead. Ultimately, the project's goal is to contribute to greater policy coherence among member states to reduce greenhouse gas emissions, as well as to increase policy support for the design of GPP implementation frameworks and for harmonized GPP target-setting across the EU.

We focus on the construction and road transport sectors because of their high share of greenhouse gas emissions. In 2020, the road transport sector accounted for 35% and 22% of France's and Germany's total national-level greenhouse gas emissions, respectively, while the construction sector represented about 14% and 18% of France's and Germany's total greenhouse gas emissions, respectively.

IMAGE (ABOVE): Berlin © FRANKPETERS / GETTY

Furthermore, these sectors represent large shares of public procurement budgets. For instance, about 29% (in economic value) of procurements in France were construction-related in 2020. Hence the large mitigation potential that procuring authorities can support by including environmental criteria in procurements.

In this brief, we share results from our research and stakeholder interviews for France and Germany, two of the largest economies in the EU. Methods, results from all cases, and additional research will be published in a report later in 2022.

France's GPP landscape

In 2020, public procurement represented about 16% of France's GDP, of which about 30% were construction projects. In 2020, 19% of these procurements (in economic value) included at least one environmental criteria. The national government and hospitals had 22% of their procurement include environmental criteria, whereas local authorities had 13%, according to the annual survey of the French national government's Economic Observatory of Public Procurement (Ministry of Economics and Finances).

In France, the government sets the national procurement policy. Currently, policies that require environmental criteria in procurements of construction and road transport follow EU directives¹. These address energy consumption and emissions from vehicle purchasing and energy efficiency in buildings, products and services. But the embodied carbon of procured building materials themselves are not currently addressed.

The French government's law for climate and resilience from 2021, article 35, states: "Public procurement contributes to the achievement of sustainable development objectives, in their economic, social and environmental dimensions, under the conditions defined by this code." The text indicates an awareness at the national level of the potential of GPP.

This law introduces the obligation for buyers and awarding authorities to retain at least one environmental award criterion, starting from 2026. However, the law leaves full freedom to the procurer to formulate this criterion. In practice, this prohibits the use of only minimum price criterion but does not ensure that the environmental criterion will lead to more environmentally ambitious procurements and actual avoidance of greenhouse gas emissions.

The French government's recovery plan, published in 2021, includes a variety of actions related to the construction and road transport sectors. Examples are funding for replacing existing car fleets with electric and hybrid vehicles for the police, customs and prison administrations. They also include goals for renovating public buildings, which account for a total of 380 million m², would reduce their energy consumption by 40% by 2030 and 60% by 2050.

In March 2022, the Ministry of Ecological Transition published its new National Plan for Sustainable Purchases. It aims to promote the use of sustainable public procurement, including specifically GPP, but is non-binding. The objective is to have 100% of public procurements include environmental criteria by 2025, and 30% should have social considerations.

¹ EU Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles and EU Directive 2012/27/EU, on energy efficiency, with amending directives.

This national plan includes 22 actions to promote GPP, which include developing and sharing tools to facilitate GPP, developing and promoting GPP trainings, mapping and expanding buyers' networks involved in GPP, organizing meeting days to exchange practices, awarding annual trophies for the best sustainable public procurement initiative, and developing and promoting the use of quantitative and qualitative indicators to monitor the evolution and impact of environmental considerations by buyers. The plan includes a biannual assessment of the progress for each action, based on a qualitative and quantitative report.

Hence, we observe a lot of efforts and a positive dynamic at the national level towards more GPP, even though the uptake is still low. In fact, the 2015–2020 version of the National Plan for Sustainable Procurement had a target of 30% of procurements including an environmental consideration by 2020, but the actual achievement was 19%.

Germany's GPP landscape

Germany is one of the largest economies in Europe, and each year the public sector in Germany awards contracts worth a sizeable portion of its GDP to private companies. In 2020, these contracts amounted to about 18% of the country's GDP.

The general principles and the legal framework for public procurement in Germany are set in the public procurement law. The Federal Climate Change Act contains a separate section on setting an example and the goal of making the federal administration climate-neutral as early as 2030. The German Sustainability Strategy, which was updated in 2016, includes GPP. The strategy incorporates the government's Programme of Measures on Sustainability that also includes GPP.

Germany's public procurement system uses the requirements from EU directives² and goes beyond the minimum criteria for federal authorities. They must consider life cycle costs when they assess offers for the procurement of products and services consuming energy. For the procurement of road vehicles, life cycle costs in the form of energy consumption and other environmental impacts must be part of the award criteria.

The Programme of Measures on Sustainability also states that federal authorities are committed to sourcing products with the German Blue Angel eco-label wherever possible. The German Blue Angel ecolabel certifies a large range of products, which must meet the criteria developed by the German Environment Agency, based on scientific assessments.

In addition to labelling, procurers can use a variety of tools to calculate life cycle costs. The Competence Centre for Innovative Procurement and the German Environment Agency organize training and capacity building for contracting authorities. All the procuring agencies can turn to the Centre for Sustainable Procurement for support or browse the Kompass Nachhaltigkeit (Sustainability Compass) website, which provides information on legislative frameworks and social- and environmental criteria for procurements. The website is developed by the Federal Ministry for Economic Cooperation and Development.

The Federal Ministry for Housing, Urban Development and Building has developed the Assessment System for Sustainable Building (BNB), which provides a broad methodological basis for assessing sustainable and environmentally sound

² EU Directive 2009/33/EC on the promotion of clean and energy-efficient road transport vehicles and EU Directive 2012/27/EU, on energy efficiency, with amending directives.

construction concepts. Since 2011, all federal-government construction projects must assess five main criteria groups, to produce an overall score for the project. This includes economic quality (22.5% of the total score), socio-cultural and functional quality (22.5%), ecological quality (22.5%), technical quality (22.5%) and process quality (10%). “Global warming potential” is included in the ecological quality category and makes up 3.75% of the total score. The minimum standard for allowing projects to proceed is 65% across all metrics; 85% is considered “ambitious”.

While the federal law sets certain requirements for federal agencies, federal procurements only make up 12% of all procurements in the country, while the rest is done at the state and local levels, at 30% and 58% respectively. The 16 states in Germany are autonomous in their policy objectives related to procurement, and the majority of the states have established their own procurement policies, except for Bavaria, in which the federal law takes precedence. The federal, state and local governments work together as part of the [Alliance for Sustainable Procurement](#) for knowledge exchange and for a wider uptake of sustainable procurement practices on all three levels.

Some states stand out for their ambitious procurement policies. For example, the city-state Berlin aims to achieve climate neutrality by 2045, and the local government sees procurement as one of the key levers for reaching that goal.

The main tool in Berlin is the “Administrative Regulation on Procurement and Environment”, which focuses on the environmental perspective of tenders. The regulation establishes minimum environmental criteria for the acquisition of certain products. It is continuously updated to include more product groups and to set actual environmental minimum standards. The most recent update is from 2021, concerning climate-friendly, circular and sustainable construction.

The Berlin Procurement Law makes it compulsory for public procurers to formulate environmental criteria for tenders of construction valued over EUR 50 000. A study in Berlin by the Ökoinstitut in 2016 reported that through using the environmental considerations in the 15 relevant product groups, the State of Berlin managed to cut its greenhouse gas emissions by 47%, compared to what would have been emitted using conventional products. The cost savings from environmentally friendly procurement amounted to 3.8% or EUR 38 million per year.

Comparing GPP in France and Germany

Below we compare the two countries’ national plans and goals, governing bodies, whether they have set national versus regional standards, monitoring, and mandatory versus voluntary actions. We also compare the use of GPP, barriers to its implementation and best practices in France and Germany. See Table 1 for a summary and the discussion for each point of comparison below.

National plans and targets

France’s National Action Plan sets a target of 100% of public procurements to include environmental considerations by 2025. Germany’s Federal Climate Change Act contains a section on the exemplary role of the public sector and the goal of making the federal administration climate neutral by 2030. Furthermore, while GPP is included in Germany’s Sustainability Strategy, it has no national target specific to GPP, as France does.

Table 1. Comparison of the French and German GPP landscapes

	France	Germany
National plan / goal	National Plan for Sustainable Purchases (2021-2025)	Sustainability Strategy Programme of Measures on Sustainability
Governing bodies	- Ministry of Ecological Transition - Ministry of the Economy, Finance and Recovery - State Purchasing Department - ADEME	- Federal Ministry of Economic Affairs and Climate Action (BMWi) - Federal German Environment Agency - Alliance for Sustainable Procurement - Competence Centre for Innovative Procurement
National / regional standards	No legislative difference across governance levels, but some regional voluntary initiatives	All states, regions and local authorities have developed their own procurement policies, which also include the use of green criterion. Federal-level requirements don't necessarily apply on regional levels. Only one state, Bavaria, uses the federal law as their state-level policy. Some regions have more ambitious policies, such as in the city-state Berlin, where environmental considerations are compulsory over a certain tender value.
Monitoring	Yearly survey by the Economic Observatory of Public Procurement	As part of the goal for climate-neutral public administration by 2030, various indicators are monitored annually.
Mandatory / voluntary	- Currently no mandatory requirements except EU directives - Starting in 2026, all public procurement will have to include at least one environmental consideration, with continued freedom to define this criterion	Mandatory for federal procurers to: - source the 'Blue Angel' label whenever possible - assess life cycle costs of energy consuming products - to give priority to alternative and environmentally friendly vehicles Environmental criteria in procurements are voluntary.
Use of GPP in practice	17% of procurements included an environmental consideration in 2020	Lack of statistics on the federal level, while local levels in some cases have established their own systems for tracking GPP
Main implementation barriers	Lack of resources, knowledge, and capacity of local procurers Lack of knowledge exchange between peers	Lack of capacity by procurers Lack of data available on environmental aspects of products
Best practices	Good monitoring practices through the Economic Observatory of Public Procurement Introduction of a mandatory inclusion of an environmental criterion from 2026	Assessment System for Sustainable Building, which includes ecological quality and global warming potential

Governance

In France, the Ministry of Ecological Transition has the main responsibility of sustainable public procurement and collaborates with the Ministry of the Economy, Finance and Recovery, for example for public purchases monitoring. Government purchases are managed by the National Purchasing Department, under the Ministry of Public Action and Accounts. In addition, the Agency for the Environment and Energy Management is mandated by the government to support the plan.

France's centralized governance systems allows for nationally set policies, targets and monitoring systems. This contrasts with Germany's federal system, in which every state implements their own GPP policies.

Germany's Federal Ministry of Economic Affairs and Climate Action is the responsible authority for public procurement on the federal level and defines the principles and the legal framework for public procurement in Germany. However, all 16 German states pursue complementary policy objectives to procurement through their own legal and policy frameworks. The states are not required to have individual procurement laws; only in Bavaria is there no law on the state level, in which case federal law takes effect.

Monitoring and follow-up of GPP uptake

France has a clear long-term monitoring system for GPP. Since 2005, the Economic Observatory of Public Procurement reported annually on the state of public procurement in France, using data reported by procurers in a digital platform. The reporting is mandatory for all purchases of more than EUR 90 000 and is recommended for all purchases. This threshold will be lowered to EUR 40 000 as the new Climate and Resilience law enters force in 2026. A broad definition for environmental consideration is used for GPP monitoring: it can include energy efficiency measures, greenhouse gas emissions, resource use, certain pollutants, etc. In addition, the National Action Plan on Sustainable Public Procurement includes a biannual monitoring procedure to follow up on the 21 actions outlined in the plan.

In contrast, Germany lacks monitoring. No statistics on the uptake of GPP are available in Germany, but the Federal Statistics Office is currently working on developing such knowledge. According to the interviews we conducted, all the contracting authorities in Germany are obliged to provide information on the sustainability criteria used in the award procedure in order to develop nationwide procurement award statistics. The first overview is expected by the end of 2022.

Unlike France, Germany monitors various indicators in relation to sustainability but not to GPP in particular. For example, the German Programme of Measures on Sustainability from 2015 sets sustainability indicators that are monitored annually. This programme shows how close the federal administration is to reaching the goal of becoming climate-neutral with multiple measures, such as energy consumption, greenhouse gas emissions and renewable energy in federal buildings.

Additionally, Germany's Sustainable Development Goals include sustainable public procurement as part of SDG¹², responsible consumption and production. Indicator 12.7.1 monitors the sustainable public procurement policies and action plan implementation, but not public procurement per se.

Mandatory vs voluntary policies

In Germany, federal authorities are committed to sourcing products with the Blue Angel eco-label whenever possible, and they have mandatory obligations such as the consideration of the life cycle costs when they assess offers for the procurement of energy consuming products, including road vehicles. Since 2011, it is mandatory for all federal agencies to use the Assessment System for Sustainable Building when evaluating construction projects.

For all public authorities on the state or local levels, GPP is voluntary and is organized differently in each of the 16 states, with some applying more compulsory aspects than others. As an example, according to the Berlin Procurement Law, it is compulsory for public procurers to formulate environmental criteria for tenders of construction valued over EUR 50 000. Further, the city-state has developed environmental minimum standards for certain product groups since 2010, and this list is continuously updated.

France, however, is introducing the obligation for buyers and awarding authorities to retain at least one award criterion taking into account the environmental characteristics of the offer starting from 2026. Sanctions are planned in case buyers fail to do so. The procurer keeps the freedom of defining this criterion, meaning that a full range of ambition levels is possible, in terms of reduced environmental impact.

While this obligation will not ensure reduced environmental impacts and is thus somewhat artificial, it sends a signal and introduces GPP practices for all procurers and can lay the ground to more ambitious policies in the future. Before 2026, GPP remains voluntary except for policies enacted due to EU Directives.

Use of GPP in practice

In Germany, about 60% of procurements are municipal. Due to the lack of statistics about GPP, it is difficult to assess GPP practices of local authorities across the country.

In France, however, the available data show a disconnect between the national ambition level and the use of GPP in practice. Despite the numerous plans, guiding materials and tools available showing commitment to accelerate the uptake of GPP, only 17% of procurements included an environmental consideration in 2020, well below the 30% objective.

While many local initiatives have been developed by regional actors or sectoral organizations, and good practices are happening thanks to motivated individuals, the landscape in France is extremely fragmented, with overall practices that vary greatly. Interviewees mentioned a need to generalize and harmonize the good practices, through better support from buyers.

Main implementation barriers

Despite the existing support systems, the interviewees from both Germany and France indicated lack of knowledge and capacity is the main issue for an even wider implementation of GPP in both countries. Hence, we find a need for more capacity building in implementing bodies. In France, the Ministry of Ecological Transition is developing an education module for procurers and regional support centres to tackle this issue.

Interviewees from France also described lack of time, old habits and internal siloes to be a barrier to a more effective uptake of GPP. Furthermore, interviewees pointed to a lack of exchange between procurers on best practices even though the Ministry of Ecological Transition developed the RAPIDD platform to allow knowledge transfers between peers, and it has an increasing numbers of users. The use of these tools and GPP more broadly remains the exception, in cases where budget is available and motivated, knowledgeable individuals work.

Furthermore, in both countries, procurers often lack the data or the time it takes for extensive market research and to engage in dialogues with suppliers, both of which are needed to understand what technologies are available and formulate innovative technical criteria. French and German interviewees also mentioned the fear of not getting any offers if the procurement is too innovative, due to a lack of supply. Interviewees from Germany noted that it is difficult to obtain reliable environmental life cycle data to verify that a certain product is better-performing than the alternatives; they proposed it should be made mandatory for producers to disclose comparable data. We connect this to the need for standardized, commonly accepted methods and reliable, product-specific environmental data.

Finally, French interviewees pointed out that cost remains an important barrier, since budget for local authorities is often lacking to cover the potential “green premium” associated with more sustainable vehicles or construction methods. The current high inflation rates could lead to less willingness to pay. However, the associated energy crisis could further promote procurement of energy efficient buildings.

Role of the EU

In June 2022, the European Council adopted the conclusions proposed by the French presidency that aim to make public purchasing more sustainable in the EU. The adoption prompts the European Commission and Member States to start working on these targets as soon as possible. This shows efforts from France to reinforce GPP at the EU level.

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Interviewees from Germany wished that GPP should be better streamlined in the EU, with the adoption of a coherent procurement strategy rather than different directives with a section on procurement requirements. In the case of Germany, such EU policies would allow the passage of laws that apply to all states and counteract the fragmented landscape that the federal system brings. However, some interviewees from ambitious localities reflected on whether EU laws could be less ambitious than they wanted, which could undermine their work.

For both countries, we find that EU-level actions would be welcomed. These include making it mandatory for suppliers to provide information on the environmental performance of products, EU-level labels and criteria, and EU-level capacity building programs and knowledge sharing platforms, as well as standardized data and reporting methods. Interviewees also highlighted the need for better communication of EU efforts and support systems to local procurements networks.

Accelerating the EU's uptake of Green Public Procurement

Find more information on the [project page](#) and in the briefs below:

[Decarbonizing the EU's road and construction sectors through green public procurement: the case of Estonia and Poland](#)

[Decarbonizing the EU's road and construction sectors through green public procurement: the case of Sweden and the Netherlands](#)