

# Green Public Procurement

A lever for mitigating European  
greenhouse gas emissions



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## SEI policy brief

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## Key messages

- Public procurement can be deployed as a strategic policy tool that can accelerate industry decarbonization, achieve significant greenhouse gas emission reductions and reduce governments' overall environmental impact.
- Procurement officers need a clear mandate and capacity at the organizational level to play a strategic role in fulfilling sustainability targets.
- The EU can support the implementation of impactful Green Public Procurement practices through standardized reporting methods and tools and by instituting mandatory requirements for key sectors.
- Countries and regions across the EU have demonstrated a variety of innovative approaches to green procurement that could be scaled up.

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In the EU, government spending on works, goods and services amounted to about 15% of its GDP in 2020. EU's enormous purchasing power provides significant leverage for public entities to send strong market signals supporting the green transition while mitigating the public sector's environmental impacts. Since 2008, the European Commission has recognized Green Public Procurement (GPP) as a key policy instrument (see Box 1).

However, the implementation of GPP policies in EU Member States (MS) has been slow and still lags far below the European Commission's target set in 2008 to make half of all public tendering procedures meet the core EU GPP criteria by 2010. The EU needs additional measures to ensure MS are on the right path to reaching the EU's 2030 climate target of a net 55% reduction of greenhouse gas (GHG) emissions. This is especially crucial in the road transport and construction sectors, due to their significant climate mitigation potential and sizeable public procurement volumes.

In 2022, SEI explored the GPP policy landscape and practices among eight EU MS with a focus on construction and road transport sectors: Sweden, the Netherlands, France, Germany, Estonia, Poland, Spain, Italy – countries representing a mix of those that have used GPP for several years or only just started; major and minor economies; and centralized and decentralized governance systems.

In this brief, we summarize our findings on some of the key barriers that prevent MS from broadly practicing GPP. We showcase best practices and solutions among the eight MS and provide policy recommendations to strengthen governance, policies, monitoring and implementation to support greater GPP uptake in the EU's road and construction sectors.

IMAGE (ABOVE): Warsaw New Town,  
Poland © UNSPLASH

## Current GPP landscape in selected Member States

### BOX 1. GREEN PUBLIC PROCUREMENT

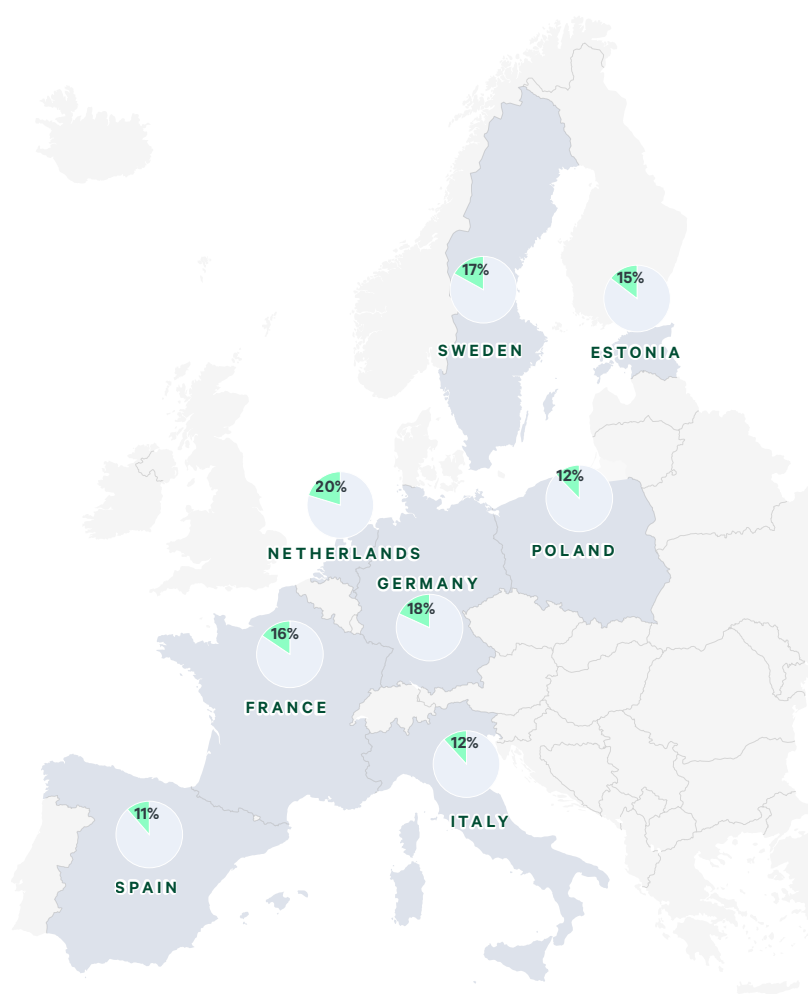
Green Public Procurement is defined by the European Commission as “a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life-cycle when compared to goods, services and works with the same primary function that would otherwise be procured.” Environmental impacts include global warming, chemical pollution, water use and eutrophication. Here, we focus on greenhouse gas emissions and their impact on global warming.

Public procurement spending represents a significant share of each EU Member State's national economy. In the eight EU countries we highlight, the share ranged between 11 and 20 percent of the countries' GDP in 2020 (Figure 1).

Almost one-quarter of direct GHG emissions in Europe come from the transport sector, and road transport accounted for over 70% of these emissions in 2019. Globally, the building and construction sector accounted for 39% of energy and process-related carbon dioxide (CO<sub>2</sub>) emissions in 2018. Of the life cycle emissions connected to the EU's building stock, between 20 and 25% are embedded in building materials. Procurement in the construction and transport sectors each represent about 12% of the public sector's total GHG emissions.

This demonstrates GPP's potential to help mitigate emissions from these two sectors. This can, in turn, fuel job creation and support environmentally responsible business practices. Coordinated efforts within the EU to harness this potential are imperative for a successful and rapid emissions reduction.

Figure 1. Public procurement as share of GDP in 2020 in the eight case study countries



Source: OECD

We reviewed and analysed GPP practices in the eight case study countries from four aspects: governance and legal framework; goals and policies; monitoring systems; and implementation and uptake.

### Governance systems

In many European countries, the responsibility for procurement-related matters is divided between different ministries, often the finance and environment ministries (or equivalents). This risks impeding policy processes, as ministries need to coordinate efforts to propose concrete policies. Some countries have national procurement agencies that implement and follow up on GPP plans, showing that EU MS contain varying GPP governance structures. This convoluted landscape complicates the ability to coordinate efforts across countries. Regardless of the setup, successful GPP implementation requires strong cooperation between the relevant ministries and agencies.

Sub-national authorities typically account for at least half of MS' procurement spending. In most cases, over 60% of countries' procurement volumes are subject to the divergent regional legal frameworks in decentralized countries. Findings suggest that municipal and regional procurers struggle to keep up-to-date with information and legal requirements from higher governments (i.e. national and EU levels).

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## Goals and policies

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### BOX 2. CASE STUDIES: GOVERNANCE

France, Italy, Estonia, Sweden, the Netherlands and Poland have centralized governance systems, with top-down policies that are followed at the regional and local levels. While Sweden and the Netherlands have national GPP policies, targets and agencies, regional and municipal authorities still have great freedom to set their own practices. In Germany and Spain, the decentralized governance system creates a fragmented policy landscape and significant differences in regional policies.

Most countries have national public procurement plans with some focus on environmental considerations. These plans take different forms, from merely mentioning that GPP should be developed to targets and concrete actions.

Estonia and Italy have made GPP mandatory for certain product groups. Estonia has established mandatory environmental requirements for four product groups (with preparations underway to extend it to five more, including construction and road transport). In contrast, Italy has mandatory GPP for 18 priority groups, including for public buildings, construction and road transport. Due to lack of enforcement, however, compliance with these requirements remains a challenge. For the other case study countries, GPP is voluntary beyond the mandatory requirements introduced in EU sectoral directives.

## Monitoring systems

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### BOX 3. BEST PRACTICE EXAMPLES: GOALS AND POLICIES RELATED TO CONSTRUCTION AND ROAD TRANSPORT VEHICLES

In Sweden, the climate impact of all new buildings must be estimated through a climate declaration, or else a penalty is imposed. And, for road construction projects with a contract value of €5 million or more, Sweden requires tenderers to calculate the carbon footprint of materials for the duration of their life cycle. For projects below this value, environmental product declarations are required for the construction materials. A bonus system also rewards projects with lower GHG emissions.

France set a goal that all public building renovations should lead to a 40% reduction of energy consumption by 2030. Germany set a similar goal for construction and refurbishment, but only for the federal government.

In addition, there are interesting policy examples from the local and regional levels. [The city of Stockholm reports](#) that 99% of its government vehicle fleet is “environmental vehicles,” of which about 60% run on electricity or biogas. In Berlin, environmental criteria are compulsory for construction tenders valued over €50 000 euros. Spain’s Catalonia region set a goal of 100% electric cars in its public fleet and the energy supply of public buildings to be 100% renewable by 2030.

The degree of systematic GPP monitoring (number, size, and types of green criteria used) varies across the MS. Some have monitoring and reporting systems in place (France, Spain and the Netherlands); others have systems in place, but do not fully function (Estonia and Italy); and yet others lack such systems, but undertake occasional monitoring of GPP (Poland, Sweden and Germany).

Our findings reveal a difference between the EU Commission and the MS regarding what is considered a green product or procurement. For the EU Commission, tenders that apply all core GPP criteria of a product group are considered green. Some MS, however, count a tender as GPP when only one environmental criterion is used. Additionally, in most countries, GPP targets and monitoring apply to procurement in general rather than focus on specific products and services with high environmental impact. To contribute to achieving climate targets, governments must employ more strategic practices along the full procurement cycle, particularly by targeting products in high-emitting sectors such as construction and road transport.

While GPP is increasingly upheld as a tool to support decarbonization, data is lacking on the practices, impact and mitigation potential of GPP because MS do not commonly track such information. The lack of data on GPP and its potential benefits for the economy, jobs, health and the environment is a barrier to political buy-in and broader GPP adoption.

## Implementation and uptake

Due to the differences in MS’ monitoring systems, it is difficult to fully understand the GPP uptake level in the case study countries. Generally, we find that despite the GPP plans and targets in place, MS have failed to meet them.

An essential part of enhancing GPP uptake is offering support and guidance to public authorities. Training and capacity-building events on GPP are provided in each analysed country. However, while guidance often focuses on integrating green criteria, it fails to explain how to assess criteria in the evaluation stage. Most countries host a dedicated website and a helpdesk. In Germany, Spain, Italy and France, capacity-building occurs at the national, regional and local levels alike.

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#### BOX 4. BEST PRACTICE EXAMPLES: MONITORING SYSTEMS

A best practice in setting targets and measuring GPP impact is found in Berlin, which has set a target of becoming climate neutral by 2045. The regional law introduces mandatory GPP for certain product groups and invests in studying the impact of procuring alternative products. Berlin managed to cut its GHG emissions by 47% using environmental considerations in 15 product groups instead of procuring conventional materials.

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#### BOX 5. BEST PRACTICE EXAMPLES: IMPLEMENTATION AND UPTAKE

##### Tools for assessing the bids

The Dutch CO<sub>2</sub> Performance Ladder allows procuring agencies to reward tendering companies based on their GHG emissions performance. Bids that meet the requirements of the CO<sub>2</sub> Performance Ladder receive a competitive advantage in the assessment, making climate-smarter offers more likely to win the contract.

Germany developed an assessment system for sustainable buildings that is compulsory for federal authorities. It helps evaluate construction proposals through five main criteria groups, producing an overall project score. One of these criteria is ecological quality (22.5% of total score), including global warming impact (3.75%).

##### Cooperation platforms

The French Ministry of Ecological Transition developed a platform for procurers to exchange information. Similarly, in Germany, a collaboration platform fosters better communication among procuring entities in levels of government, working together as part of the Alliance for Sustainable Procurement. In the Netherlands, sectoral buyer groups allow the public and private sectors to better collaborate and find solutions for innovative procurements.

At the EU level, the Big Buyers Group also promotes collaboration between large public buyers in implementing strategic sustainable public procurement.

Additionally, governments have developed various tools to support GPP implementation. For instance, life cycle costing or assessment tools were developed in the Netherlands, Sweden, Germany and Poland. Several countries have also established collaboration platforms between procurers at different government levels or between public and private actors.

Despite these efforts to support GPP, many barriers to implementation remain, maintaining the gap between uptake and targets. One of the most widespread barriers across the case studies is time availability and capacity development. Furthermore, procurement officers lack information about greener alternatives available on the market, lack time to perform market research and engagement, and therefore lack knowledge on how to procure in more innovative ways. Additionally, they fear litigation that could arise when bidders that are not awarded the contract dispute the selection of the winning bid.

Another important barrier is a lack of product-specific environmental data that is standardized, reliable and produced with commonly accepted methods that the procurers can easily use in their work.

## Conclusions and policy recommendations

Multi-level governance, sufficient financial and human resources, institutional capacity, and harmonization of policies are key for supporting broad uptake of GPP practices among European MS. A deep dive into the public procurement landscape of our eight case study countries revealed that while GPP is increasingly seen as a key policy tool to meet climate targets, implementation remains extremely fragmented across and within those countries. Many challenges remain due to the legal, technical and behavioural complexity of public procurement. Despite a flourishing list of tools, criteria and good examples, current practices fail to systematically harness the tremendous potential of GPP to accelerate the decarbonization of the construction and road transport sectors, which in turn will mitigate environmental harm and create jobs that support responsible business practices.

While the EU has had GPP on its policy agenda for two decades, it is crucial that the EU moves up a gear to create demand at the speed, scale and consistency that our planet requires. Recent developments such as the United States' Buy Clean policies and the international Industrial Deep Decarbonization Initiative show that international efforts are accelerating the use of GPP and harmonization standards. The EU needs to engage in and align with these efforts to create a fertile ground for clean tech development and scale-up in the EU rather than risk lagging behind as international actions move forward. It is imperative to make a coordinated effort toward public procurement that targets both direct and embedded emissions.

Bridging the gap between stated procurement targets and GPP implementation at the national, regional and municipal levels represents a significant opportunity for the public sector to lead by example and send strong market signals needed to secure decarbonization efforts. To this end, the EU has an important role to play in supporting GPP, through reporting methods, tools and sectoral mandatory requirements. In Table 1, we list 17 policy recommendations key to ensuring a broad uptake of GPP across the EU.

For further information about this project, please read the [full report](#) or visit the [project's website](#).



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Table 1. Policy recommendations to ensure a broad uptake of GPP across the EU. Abbreviation in parentheses indicates which actor is proposed to be primarily responsible: Member States (MS) or relevant body within the European Union (EU).

Governance systems	Monitoring systems
<ol style="list-style-type: none"> <li>1. Foster collaboration and coordination to align environmental and economic targets with procurement policies and practices (EU + MS): <ul style="list-style-type: none"> <li>• across national ministries and agencies</li> <li>• with and within EU institutions</li> <li>• across Member States</li> </ul> </li> <li>2. Establish stronger international collaboration to harmonize approaches and accelerate progress across nations (EU + MS)</li> </ol>	<ol style="list-style-type: none"> <li>7. Develop a harmonized system for GPP definitions, monitoring and reporting that will support (EU): <ul style="list-style-type: none"> <li>• following up on the use of environmental considerations in MS' procurements</li> <li>• assessing the environmental impact (incl. GHG emissions) of bids</li> </ul> </li> <li>8. Set mandatory annual reporting on environmental impacts and uptake from MS' public procurement (EU)</li> <li>9. Develop tools that allow procuring entities to monitor GPP uptake and impacts at the organizational level, supporting alignment of internal goals, incentives and reporting efforts (EU + MS)</li> </ol>
Goals and policies	Implementation and uptake
<ol style="list-style-type: none"> <li>3. In collaboration with trade associations, set product-specific carbon baseline values and targets, and establish mandatory product-level minimum carbon criteria that are gradually sharpened (EU)</li> <li>4. Introduce reward systems for best-performing offers that are voluntary for the bidder (EU)</li> <li>5. Expand existing EU Directives to include embedded emissions (EU)</li> <li>6. Impose EU-level minimum penalty thresholds if established criteria are not met (EU)</li> </ol>	<p><b>Facilitating implementation</b></p> <ol style="list-style-type: none"> <li>10. Further develop, harmonize and promote available tools and support material to ensure good accessibility to procurers (EU)</li> <li>11. Develop standardized and reliable methods to calculate and report on product-specific environmental data (EU)</li> <li>12. Develop harmonized training programs, including components that support assessment of innovation potential as well as actual procurement needs (EU + MS)</li> <li>13. Simplify terminology and/or provide implementation guidelines for EU Procurement Directives (EU)</li> </ol> <p><b>Uptake, mandate and resources</b></p> <ol style="list-style-type: none"> <li>14. Ensure that procurers have a clear mandate and adequate financial resources to play a strategic role in implementing GPP practices (MS)</li> <li>15. Develop educational material demonstrating GPP's societal and monetary value to build stronger political buy-in (EU)</li> </ol> <p><b>Collaboration</b></p> <ol style="list-style-type: none"> <li>16. Deepen public-private collaboration through sectoral buyers' groups to develop shared visions and strategies (EU + MS)</li> <li>17. Enhance collaboration between procurement officers (MS)</li> </ol>

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