

Comhar Sustainable Development Council Consultation Response on Green Public Procurement

August 2010

1. Context

Comhar Sustainable Development Council (SDC) welcomes the opportunity to make this input on the recently published public consultation document on Green Public Procurement¹ (GPP). In Ireland, growth in consumption has been accompanied by increasing problems like the use of non-renewable materials; increasing levels of waste, including heavy metals and toxic chemicals; cradle-to-grave design processes; greenhouse gas emissions and a lack of supplier capability to address these consequences through the supply chain.

The realisation of effective GPP could have a greatly beneficial impact on the economy through reduced pollution, reduced waste, increased resource efficiencies, and increased innovation and job creation in sustainable design processes, manufacturing and supply chains.

The Minister for the Environment, Heritage and Local Government has signalled his intention to implement Green Procurement in alignment with the operational objectives and targets of the EU Sustainable Development Strategy 2006², the European Commission³, and the Renewed Programme for Government 2009⁴. Comhar SDC has made previous statements⁵ to Government on the need for GPP particularly in the context of the wider sustainable consumption and production agenda.

This draft response outlines the key issues, and responds to some of the questions and options addressed in the GPP consultation document. As the timeframe for preparing a response has been quite short, the scope for comprehensive evidence-based research on the full list of issues, options and questions raised has been very limited.

2. Key Points Welcomed by Comhar SDC

Comhar broadly welcomes the GPP proposal. Specifically Comhar supports:

¹ 'Discussion Paper – Towards a National Action Plan on Green Public Procurement' available at <http://www.environ.ie/en/Environment/SustainableDevelopment/ConsultationGreenPublicProcurement/>

² Available at <http://ec.europa.eu/environment/eussd/>

³ In July 2008, the European Commission published its 'Communication on public procurement for a better environment' in which the commission proposed a target of 50% GPP to be achieved by 2010.

⁴ Available at http://www.greenparty.ie/en/government/renewed_programme_for_government

⁵ See Comhar Recommendations on the review of the National Sustainable Development Strategy (2007) available at <http://www.comharsdc.ie/files/Comhar%20recommendations%20on%20NSDS.pdf>

- the identification of 6-level sustainability framework and principles based on the laws of science and ecology (The Natural Step principles⁶) against which procurement guidelines will be assessed. Comhar notes that corporations have attributed environmental and economic benefits, including profit increases and cost savings as a result of implementing The Natural Step sustainability framework, for example Interface.⁷ Comhar notes the example of the City of Halifax utilising The Natural Step for public procurement.⁸
- the utilisation of the ‘funnel’ diagram to illustrate the global challenge of declining resources and increasing demand on the environment and consequently the constraints and opportunities for Green Procurement. These constraints can be viewed as design challenges and opportunities for innovation.
- the statement “economic growth needs to be decoupled from negative environmental impacts. GPP has emerged as one of the key instruments by which policy makers can initiate and speed up such decoupling.” (pg 5).
- the identification of carbon accounting as a method that can be widely applied for supply chain analysis incorporating social, economic and environmental measurement.
- the statement “GPP policies should be driven by risk assessment as much as any other factor...therefore, the more that there are unknown factors involved, the higher is the risk rating that the public sector should assign to it.” Comhar endorses this view in alignment with the pre-cautionary principle and uncertainty around environment limits.
- the statement “The criteria specified for the goods, services or works to be procured (in a public body) should be based on a life-cycle approach, and with reference to well-established environmental profiles from independent databases.” (pg 25).
- the statement “The monitoring system should have key performance indicators...Suppliers should be encouraged, through the provision of product data sheets etc, to provide detailed standardised information on their product.” (pg 25).
- the statement “Public authorities should ensure that the cleaning products they use meet strict environmental criteria.” (pg 41).
- the identification of a list of national objectives that can be advanced through procurement.

3. Questions to consider

The GPP proposal lists a number of questions. Comhar has long been an advocate of the need for GPP, however Comhar has limited resources for research on each these specific questions and in preparing this response has chosen to address five of these questions.

Q1: What life-cycle assessment tools are currently used in Ireland? Are these sector-specific or can they be applied on a public sector wide basis?

Comhar does not currently have sufficient data to provide an evidence-based answer to this question, however Comhar notes that many life cycle assessments are carried out with dedicated software packages, including GaBi Software developed by PE International, and SimaPro developed by Pre Consultants. Tools that can also be considered include: Intrawaste⁹, an EPA funded tool; and tools listed by the ‘EU Joint Research Centre on LCA, Services and Data’¹⁰.

Q2: To what extent are environmental criteria used in marketing Ireland’s goods and services? Would greater take-up of the EU Ecolabel in Ireland help these marketing efforts?

Comhar does not currently have sufficient data to provide an evidence-based answer to this question, however Comhar notes that the EU GPP website provides product sheets¹¹, for example in the area of cleaning, demonstrating how the eco-label can be used to identify

⁶ See <http://www.thenaturalstep.org/our-approach#quick-overview>

⁷ See <http://www.naturalstep.org/en/usa/interface-reduces-water-use-80-unit-1996>

⁸ See <http://www.naturalstep.org/en/city-halifax-ns>

⁹ See <http://www.sri-research.org.uk/iwmlca-and-carbon-footprinting-tool/>

¹⁰ See <http://lca.jrc.ec.europa.eu/lcainfohub/toolList.vm>

¹¹ See http://ec.europa.eu/environment/gpp/pdf/toolkit/cleaning_GPP_product_sheet.pdf

products in the key functional areas. Comhar also endorses recommendations and conclusions of the report 'Green Public Procurement 2006'¹² including the following:

- "The criteria developed for ecolabels (European and domestic) should be synchronized with the public procurement process." (Pg 23).
- "purchasers in Member States should be stimulated to use the criteria of ecolabels, even if they are not European labels or not from their own country." (Pg 25).

Q4: Are there Irish examples of where the green option costs less "upfront" in Ireland? Are there obvious examples of green products whose life cycle costs are less, but which are not chosen because of higher upfront costs? What timeframe should the public sector consider when evaluating the ultimate cost of its purchases?

Further research and analysis would be required to provide evidence-based answers to these specific questions, however Comhar maintains GPP is a strategic approach that can reduce costs, stimulate innovation and reduce environmental impact. Comhar notes the following references:

"Improved public procurement practices could result in substantial savings to taxpayers, while at the same time stimulating enterprise development."¹³

"using purchase price alone to decide between offers, rather than the full life-cycle cost of the product or service, can affect the take-up of green products and services. A study carried out in 2008 ("Collection of Statistical Information on Green Public Procurement in the EU") revealed that in general GPP does not increase costs but can actually help the purchasing organisation to cut costs. Using a Life-Cycle Costing (LCC) approach to calculate the financial impact of GPP, the average financial impact of GPP within the seven best performing Member States was -1% (on average for 10 priority products groups/services) in 2006/2007. While applying environmental criteria to procurement procedures can sometimes mean higher initial purchasing costs, the overall costs often actually decrease since the higher purchasing prices of green goods and services are compensated for by lower operating, maintenance or disposal costs".¹⁴

Comhar notes that there are economic benefits associated with increased environmental benefits such as green electricity, reduced carbon emissions, reduced water consumption, the purchase of organic food offsetting eutrophication impacts and GHG emissions, the utilisation of sustainably managed forests, and improved quality of life.¹⁵

Q6: It is proposed to engage with procurement trainers on the best ways of ensuring that environmental risk assessment is integral to the training of public procurers. It is further proposed that environmental risks be highlighted in each corporate procurement plan. Are these measures likely to be effective and sufficient?

In the area of environmental risk assessment Comhar believes the pre-cautionary principle should be emphasised. Comhar believes there is uncertainty in the area of establishing environmental limits and that the advantage of directly linking the assessment of environmental limits to the GPP policy-making process could be further emphasised in the consultation. The DEFRA report 'Perspectives on the Environmental Limits Concept 2007' describes a process that could be used as a reference.¹⁶

Q13: The Department of the Environment, Heritage and Local Government contracts for cleaning services using GPP criteria. Are there other examples which could be disseminated more widely?

Comhar notes that Dublin City Council in its implementation of the 'Sustainable Dublin' initiative moved toward compliance with The Natural Step sustainability conditions in some departments.

¹² Available at http://ec.europa.eu/environment/gpp/pdf/take_5.pdf

¹³ Extract from the report 'Using Public Procurement to Stimulate Innovation and SME access to public contracts' Report of the Procurement Innovation Group, Department of Enterprise, Trade and Employment (July 2009) (Pg 10).

¹⁴ See the European Commission GPP website http://ec.europa.eu/environment/gpp/barriers_en.htm

¹⁵ See the European Commission GPP website http://ec.europa.eu/environment/gpp/benefits_en.htm

¹⁶ Available at <http://randd.defra.gov.uk>

“DCC focused in on pesticides and bleach. They had the potential to replace all cleaning chemicals with just four broad spectrum cleaners and to use them in much smaller doses. It would have led to a 70% reduction in chemical use and associated costs. The first challenge was to educate the people. Remember the procurers may not be technical, their job is to run contracts.”¹⁷

Comhar notes that the EU report ‘Public Procurement for a Better Environment’ contains examples of green tender specifications for cleaning products and services, electricity and food and catering services. Comhar notes a number of case studies are available on the EU GPP website.¹⁸

Comhar notes that the Office of Public Works tendering processes have included the possibility of additional points for contractors who can demonstrate that their goods and processes are environmentally preferable. Market engagement on stipulations such as these has led to continuous enhancement of specifications, based on best manufacturing practice. Furthermore, this GPP initiative has generated huge awareness of broader environmental issues among the supplier companies. For example, one company now shreds its hardwood waste materials for use in its own heating system. There has also been a large shift from the use of acid-based lacquers to lacquers which are water-based. Furniture Division’s contracts stipulate that solid wood furniture shall not be treated with impregnating toxic substances or pesticides. Non-renewable materials, including metals, shall be kept to a minimum. Materials used in the manufacture must not contain substances which are carcinogenic, toxic, allergenic or reprotoxic. Furthermore, contractors must employ good environmental practice on site vis-à-vis waste reduction, waste recovery, minimisation of packaging, recoverable packaging materials, control of environmental emissions, product design, and the efficient use of materials and transport. In addition, contractors are required to demonstrate their compliance with the Office of Public Work’s timber sustainability requirements.

4. Summary and Recommendations

The Green Public Procurement proposals when implemented will for the first time provide a sound a policy framework for incorporating green procurement considerations across the policy making process for public procurement. It will also provide clarity for the business community and create the framework for developing public procurement framework in alignment with the goals of a low carbon, resource efficient and ecologically friendly society. The annual public procurement spend is currently about €16 billion per annum so the importance and significance of GPP cannot be underestimated, particularly in relation to the potential contribution it will make towards sustainable development. Cross reference has been made to reports relevant to the development of the GPP in Ireland.

Therefore, Comhar SDC believes that it is essential that GPP is framed in such a way so as to deliver on these objectives. In this draft consultation response a number of key areas have been identified for consideration that provide a basis for developing a final Comhar SDC consultation response to the GPP proposal. The proposal contains a list of specific questions, however the scope for comprehensive evidence-based research on the full list questions raised is very limited. Comhar has chosen to make a short set of recommendations (see below). Comhar notes that these general recommendations on GPP may not be directly transferable to each of the six priority areas for GPP due to lack of time for further research into each specific area. Comhar recommends:

- The utilisation of the Natural Step’ science-based sustainability conditions as a basis for GPP decisions or actions. Page 3 of the GPP proposal states “All GPP decisions or actions at any level can be checked against these four principles.” In alignment with The Natural Step

¹⁷ Quote from RealEyes Sustainability Ltd, Consultants to DCC

¹⁸ See http://ec.europa.eu/environment/gpp/case_en.htm

sustainability principles, Comhar maintains that certain classes of synthetic chemicals that have ecological or health impacts should be avoided in procurement¹⁹.

- That GPP policy be cogniscent of best practice. Comhar notes that procurement contracts may be confidential and there may be some difficulty reviewing large numbers of existing contracts. Comhar notes the importance of education on the advantages of GPP to facilitate organisational change toward GPP.
- The utilisation of an appropriate eco-label criteria or incentives to ensure a successful move toward GPP in Ireland. Incentives and public procurement are being implemented by EU Member States to stimulate the better performance of products. Comhar endorses the approach to eco-labelling recommended by the 'EU Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan 2008' and the report 'Green Public Procurement 2006'²⁰.
- The inclusion of an evidence base for sustainable commodities in GPP. An approach is described in the DEFRA document 'SCP Evidence Base: Sustainable Commodities Final Report': Volume 1 May 2006.
- The development of 'forward procurement commitments' in alignment with the Green New Deal. "The development of 'forward procurement commitments' where the public sector sets specifications for low carbon, resource efficient products and services it seeks to purchase in the longer term can drive up standards and innovation and unlock investment while guaranteeing future markets. As companies will still compete for the business this new approach need not cost more and could even cost less."²¹
- The inclusion of measurable targets and reporting requirements for GPP. Comhar notes the methodology for measuring GPP described in the Price Waterhouse Coopers report 'Collection of statistical information on Green Public Procurement in the EU'.²²
- That training capacity for green procurement be built into the procurement system. Comhar endorses the following recommendation: "Establish a forum on the eTenders website for purchasers to share experiences and best practice examples of procuring innovative products and services. Establish sectoral networks of public procurers to encourage innovation similar to the EU networks that have been set up. Establish a mechanism for constructive dialogue and mutual understanding between SMEs and large buyers through activities such as information, training, monitoring and exchange of good practice".²³
- That public procurers should involve and update suppliers in the move toward GPP. Comhar notes the process conducted by Swedish MacDonalds to involve suppliers in their move toward green procurement based on The Natural Step principles. Swedish McDonalds decided they needed to include the suppliers in the planning process and developed so called "pathfinder documents" for each of their business processes. These documents described today's problems from a sustainability perspective and provided a vision for sustainability and some overall priorities to be further elaborated in a dialogue with the suppliers. MacDonalds invited all suppliers to join a process of dialogue, to explain the rationale behind the "pathfinder documents" and to involve all suppliers in McDonalds drive towards sustainability. Swedish McDonald's Director of Procurement stated that: "You (the suppliers) are the experts and we will work with the ones of you who most effectively support our journey towards sustainability".

¹⁹ See 'The Natural Step Canada (2005) *Halifax Regional Municipality Guidelines for Sustainable Procurement*'. App 6.

²⁰ Available at http://ec.europa.eu/environment/gpp/pdf/take_5.pdf

²¹ Extracts from 'Towards a Green New Deal for Ireland', Comhar SDC Report and Recommendations, Oct 2009.

²² Available at http://ec.europa.eu/environment/gpp/pdf/statistical_information.pdf

²³ Taken from pg 15 of the report: '*Using Public Procurement to Stimulate Innovation and SME access to public contracts*' Report of the Procurement Innovation Group, Department of Enterprise, Trade and Employment (July 2009).