



What is GPP?

Green Public Procurement (GPP) is the 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.

What is GPP4Growth?

GPP4Growth brings together the experience and practices of nine public bodies from across the EU in a bid to improve those public bodies' capacity to implement policies that promote eco-innovation and green growth through 'Green Public Procurement' (GPP). 14% of the EU's total GDP is consumed by Europe's public authorities. This public expenditure on goods, services and works has a total estimated value of €1.8 trillion annually. This substantial public authority 'purchasing power' can be utilised to stimulate eco-innovation, resource efficiency and green growth by promoting environmentally friendly, resource-efficient goods and services.

Factors that Influence Businesses of Key GPP4Growth Sectors to Participate in Green Contracts and Tenders.



Executive Summary

In order for GPP4Growth to support and encourage better implementation of GPP practices, it is critical that we understand the factors that influence the private businesses' (supply side) willingness and capacity to engage with GPP in the first place. Therefore, the purpose of this policy brief is to offer policy makers and other stakeholders an overview of the motivations, enablers and perceived barriers that influence private companies' willingness and capacity to compete for green tenders. Based on the research outlined below, this policy brief also recommends a number of actions policy makers may take to help businesses to overcome the barriers that prevent them from engaging with GPP.

The Research

In order to investigate the factors that influence businesses in key GPP4Growth sectors participating in green tenders, a questionnaire was devised and circulated by the nine partner bodies of GPP4Growth. The questionnaire was published and completed online to allow for its easy and widespread distribution and to facilitate the collection of responses and the analysis process. The stakeholders targeted were: supply-side private businesses; public authority staff in partnership regions i.e. the 'procurers'; and field experts with knowledge and experience of GPP in the partners' areas.

The questionnaire mostly comprised of closed questions as they were deemed to be easier and quicker for respondents to answer and offer better coding, analysis and comparison possibilities. However, several open questions were also included to allow participants to provide more information they believed to be relevant. A copy of the questionnaire can be found in Annex A of the source report for this policy brief: Investigating the factors that influence businesses in key GPP4Growth sectors to participate in green tenders and contracts.

All of the GPP4Growth partners translated the questionnaire into their own language in an attempt to reach as many local businesses and public organisations as possible. The questionnaire remained open from January 2018 until the 5th March 2018, in order to gather sufficient responses from the aforementioned target groups.



In total, there were 117 responses to the online questionnaire. The breakdown in type of respondents was as follows: 61 procurers (public authorities), 45 supply-side businesses (made up of 35 SMEs & 10 large enterprises), and 11 field experts.

What are business' motivations for engaging with GPP in the first place?

The top four motivations for businesses' engagement with green public procurement were all reported by more than 50% of the business respondents. From a private businesses' point-of-view, adopting green practices and engaging in Green Public Procurement (GPP):

1. Improves the image of the organisation.
2. Is beneficial to the environment.
3. Creates opportunities for sustainable growth.
4. Is beneficial to society.

What is the private sector's level of engagement with GPP in partner regions?

59% of businesses who responded to the survey indicated that they have previously participated as a bidder in a green tender at national or regional level. 25% of respondents had never participated but intend to do so in the future.

Approximately 13% had never applied for a green contract and indicated that they do not intend to in the future. This reluctance to participate in GPP in the future may be due to the businesses' perception that public authorities' commitment to environmental performance is weak or that environmental criteria do not hold much weight when it comes to selecting a winning tender.

According to the results of the questionnaire, large enterprises are more engaged in green public procurement than small and medium enterprises (SMEs). 67% of large enterprises reported that they had taken part in green tenders whereas 57% of SMEs indicated the same. A possible reason for this is the greater staff and administration capacity within larger businesses to search for GPP opportunities and prepare the necessary tender paperwork. Large enterprises are also more likely to operate in more capital-intensive sectors that have significant environmental impact (e.g. construction and manufacturing) and where GPP currently plays a greater role.

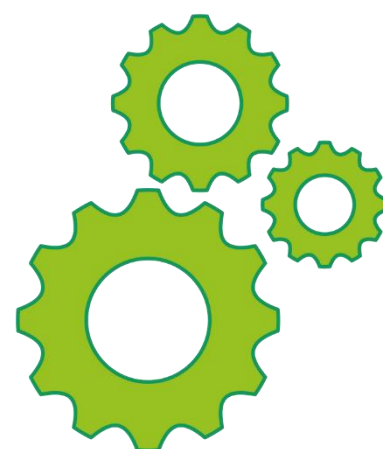
What factors enable businesses to engage more with GPP?

The factors that enable a business to compete for green tenders fall into three categories:

1. The internal capacity and capability of the business;
2. The market structure;
3. The policy and regulatory framework in place.

All of the following factors identified in the questionnaire fall within these three categories and were deemed by respondents to be important determinants of businesses' willingness and ability to adopt environmentally sustainable practices and participate in green tenders:

- Available information on GPP
- Transparent GPP criteria & processes
- Awareness of market capacity for green products
- Organisation of training programmes
- Favourable environmental regulatory measures
- Availability of tools such as helpdesks, manuals and toolkits
- Provision of economic and financial incentives
- Availability of green certification procedures
- Implementation of life-cycle costing
- Eco-label schemes
- Cooperation and trust between public authorities and companies
- Measuring and monitoring of GPP results



What are the barriers preventing businesses from engaging more with GPP?

The barriers which prevent businesses from engaging more with GPP can be both internal to the business and external. Examples of internal barriers include a lack of technical experience in green tenders and limited environmental awareness within the business. Examples of external barriers include limited access to GPP information, lending conditions and access to finance, the existing policy framework and broader market trends.

Barriers to Business

According to the questionnaire, from the supply-side's point-of-view, the six most strongly reported perceived barriers to businesses engaging more with green public procurement and applying for 'green' tenders were as follows:

- Difficulty in recognising green practices through environmental criteria & processes
- Lack of own organisation staff's skills/expertise on preparing bids for green tenders
- Lack of technical expertise in applying green requirements to business processes
- Limited access to information on green tenders
- Lack of political support and relevant incentives
- Lack of training



The relatively low reporting of costs being an issue within this research is inconsistent with other recent surveys in the area. A review of the literature shows that financial constraints remain one of the biggest barriers to the adoption of green practices among companies. These financial constraints may include issues like access to finance and funding to help pay for green innovation.



What can public authorities and policy makers do to help break down the barriers for businesses and encourage business' participation in GPP?

By implementing the recommendations outlined in the table below, public authorities and policy makers in the nine GPP4Growth partner regions can upskill, inform and empower local businesses, making it easier for them to compete in green tenders. This in turn will promote eco-innovation within those businesses and promote the supply of environmentally friendly and resource-efficient goods and services across the overall marketplace.

| Barriers | Recommendations |
|---|--|
| <ul style="list-style-type: none"> - Difficulty in recognising green practices through environmental criteria & processes | <p>To tackle the lack of clarity in tender documents which leads to this barrier for business' engagement, public authorities can:</p> <ul style="list-style-type: none"> - Engage personnel within the organisation who have relevant experience in drafting technical specifications. - Consider collaborating with a field expert in specifying the environmental criteria to be integrated in the tender document, writing the technical specifications and assessing the bids received. - Check the availability of environmental criteria so that public authorities can insert them directly into new tenders. |
| <ul style="list-style-type: none"> - Lack of own organisation staff's skills/expertise on preparing bids for green tenders - Lack of technical expertise in applying green requirements into business processes - Lack of training | <ul style="list-style-type: none"> - Organise education and training programmes to increase companies' environmental awareness and enhance their capability to handle new technologies and innovation. - Organise mini GPP workshops for companies in key GPP4Growth sectors to update them on the latest advancements in green technologies and regulation. - Create GPP learning materials and open educational resources. - Raise public awareness about the benefits of green public procurement for the private sector. |
| <ul style="list-style-type: none"> - Limited access to information on green tenders | <ul style="list-style-type: none"> - Set up a centralised online portal for green tenders where all calls for public tenders will be published in a transparent and accessible manner. - Establish a GPP helpdesk in regional administrations. - Update regional authorities' websites with relevant sustainability-related resources. |
| <ul style="list-style-type: none"> - Lack of political support and relevant incentives - Access to funding for green innovation | <ul style="list-style-type: none"> - Create a regional action plan to outline key actions and measures to promote green public procurement and foster private sector's engagement. - Address the definition gaps in legislation concerning fundamental terms related to GPP. - Resolve issues related to conflicting regulations that prevent companies from adopting green practices. - Promote a green tax reform that will focus on unsustainable resource use, non-recycled products and waste generation. - Set up a preferential social security scheme with lower security contributions for companies implementing green practices. - To increase the demand for green products, public authorities can provide discount vouchers for environmental purchases. - Establish GPP business support centres in partnership regions. - Establish a dedicated GPP fund that will support companies to adopt green practices. |

More Information

This policy brief is provided by Department of Communications, Climate Action and the Environment of the Republic of Ireland / Roinn Cumarsáide, Gníomhaithe ar son na hAeráide agus Comhshaoil, and is based on a research report prepared by the Malta Regional Development and Dialogue Foundation, a GPP4Growth partner. The full report is called 'Investigating the factors that influence businesses in key GPP4Growth sectors to participate in green tenders and contracts' and is available on request.

Visit www.interregeurope.eu/gpp4growth for more about GPP4Growth.

QUERIES

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