



# Green EU public procurement

Intro

Questions

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*Do you agree energy efficiency is a good thing?*

*Should we make carbon offsetting mandatory for public contracts?*

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## EU public procurement rules



1 - The iceberg theory of public procurement rules in the EU

Current state of play for green procurement in the EU

Directive 2014/24/EU Article number	Green procurement reference
18	General principles
43	Labels
67	Award criteria
68	Life-cycle costing
70	Contract performance

Direction of travel

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*It seems green procurement and sustainability are not being taken up in public procurement as much as some would like it to, so what may come down the pipeline?*

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- *Mandatory green procurement based on the Green Deal*
  - *Sectorial legislation (ie, Clean Vehicles Directive; Battery Regulation)*
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*Moving from regulating how we buy to what we buy?*

*Is it a good idea though?*

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Critique

Critique

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- *Efficiency and efficacy*
  - *Multiple objectives trap*
    - *Corruption*
    - *Complexity*
    - *Protectionism*
  - *Neocolonialism (and international commitments)*
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Efficiency and efficacy

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*"there is limited research available on the efficiency of green procurement"*

*So let's see what is out there since 2015 then...*

"Using public procurement to achieve social, environmental and innovation-related objectives is ineffective for a number of reasons. **Firstly, a policy designed to rectify a market failure must be uniform and comprehensive if it is to be effective. Conversely, and by way of an example, incorporating greenhouse gas emission criteria into public procurement operations amounts to placing a greater value on a tonne of carbon than does the carbon tax or the market value of tradable emission rights**, which is ineffective for two reasons. On the one hand, as is the case with any policy that entails differentiated carbon prices, this increases the overall cost of achieving the environmental objective. On the other hand, a low emission company will specialise in public contracts, in which it will have a competitive advantage, whilst its higher-emission counterpart will specialise in other contracts, whether public or private, that are not bound to this objective; as a result, contracts are not necessarily shared rationally and the reduction in pollutant emissions is minimal."

[\(Saussier and Tirole, Strengthening the efficiency of public procurement, Les notes du conseil d'analyse économique, 2015\)](#)

Paper	Finding	Country/sector
Lundberg et al, Using public procurement to implement environmental policy: an empirical analysis (2015)	No efficiency nor efficacy	Sweden (food)
Lundberg et al, Is Environmental Policy by Public Procurement Effective? (2015)	No efficiency nor efficacy	Meta analysis
Alvarez and Rubio, Carbon footprint in Green public procurement: a case study in the services sector (2015)	Efficacy but efficiency not analysed	Services
Lundberg and Marklund, Green public procurement and multiple environmental objectives (2018)	Efficacy but no efficiency	Sweden (food)

Paper	Finding	Country/sector
Lindstrom et al, How green public procurement can drive conversion of farmland: an empirical analysis of an organic food policy (2020)	Efficacy but efficiency not analysed	Sweden (food)
Kafedors et al, Designing and implementing procurement requirements for carbon reduction in infrastructure construction (2020)	Efficacy but efficiency not analysed	Australia, Netherlands, Sweden, US, UK (construction)
Lindstrom et al, Green public procurement: an empirical analysis of the uptake of organic food policy (2022)	Efficacy but efficiency not analysed	Sweden (food)
Zhang and Jiang, Can green public procurement change energy efficiency? Evidence from a quasi natural experiment in China (2022)	Efficacy and efficiency	China (energy)

*In the absence of conclusive evidence that green or sustainability procurement objectives are efficient, why should we solve their lack of use by making them mandatory?*

### Multiple objectives trap

"A recent law in France alters the Public Procurement Code to make the integration of environmental clauses in all public procurement contracts mandatory, rather than optional. As discussed in more detail in the Blanchard-Tirole (2021) report, **this well-meaning policy creates several issues, some of which are reminiscent of the green central banks debate:**

policy coherency (the implicit carbon price may vary enormously across jurisdictions), lack of capability (the territorial governments missing the ability to verify the bidders' environmental claims) and electioneering-induced protectionism by municipalities and regional governments."

[\(Tirole, Socially responsible agencies, Competition law & policy debate, 2023\)](#)

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*In short: dispersion of pursuers for objectives \*and\* reduced internal accountability.*

*Fuzzy missions + mission substitution = reduced delivery of core mission*

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Predicament

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*You are based in Portugal and are buying strawberries and need to decide between buying them from Spain (Murcia) or Northern Ireland. Which one would you choose from a sustainability perspective?*

*Would your answer change knowing that soft fruit production in Murcia is contributing significantly to the drop in the water tables, killing off the Mar Menor with pollution run off and that there are persistent accusations of modern slavery in the region?*

*Let's see what Hannah Ritchie from Our World in Data has to say as well...*

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## The narrow path forward

Climate change as an existential threat



## Questions



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