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Green public procurement (GPP) in the EU defence sector

Background

Under the Climate Change and Defence Roadmap, EDA was asked to explore the potential impact of applying green public procurement (GPP) in the defence sector. While many Member States are already well advanced in using environmental criteria in tenders, there is a lack of data, and little evidence of harmonisation in the application of GPP by defence sector purchasers. A study was commissioned to analyse current levels of GPP in the defence sector, identify the gaps and challenges, and propose a strategy to move forward. The research was carried out during the second half of 2021, with preliminary findings presented at the 3rd CF SEDSS III conference on 23-24 November 2021.

Legislative Context

The EU procurement directives encourage, but do not mandate GPP. Substantial support has been provided by the European Commission, in the development of common EU GPP criteria, production of guidance and good practice examples, policy coordination and project funding. At the national level, many EU Member States (MS) have adopted mandatory GPP criteria, although these do not always extend to defence sector purchasers.

GPP plays an important role in the European Green Deal/Fit for 55 legislative package, including the **Circular Economy Action Plan** and proposed revisions to the **Energy Efficiency Directive, Renewable Energy Directive** and **Energy Performance of Buildings Directive.** GPP criteria also reflect EU legislation in other areas, such as the REACH legislation on safe chemicals.

Given the high value and significant energy, carbon and other impacts of public contracts, the EU legislation increasingly sets minimum mandatory standards to be applied in procurement of specific products and services. However, the impact of GPP goes beyond compliance with legislation, by encouraging the market to deliver the best performing green products and services. For the defence sector, GPP is about both **risk management** (taking into account the climate-security nexus and the need to ensure supply chain resilience) and the **opportunity to influence the market** to ensure that green products and services meet the specific needs of defence organisations.

Methodology

The study draws upon qualitative and quantitative methods to establish the current status of GPP amongst defence sector purchasers in the EU. In addition to the review of published reports and data on GPP implementation, information was collected from questionnaires issued under the auspices of the CF SEDSS III Working Group 1 on Energy Efficiency and Buildings Performance. A dedicated questionnaire was issued to all participating ministries of defence (MoDs) in September 2021, focusing on current levels of GPP implementation, barriers/challenges and support needs.

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Key Findings

There is significant variation in applying GPP criteria by defence organisations across the EU. While half of the respondents include GPP criteria in their procurement always or most of the time, the other half only do so sometimes or rarely. For the most part, the degree of GPP implementation is aligned with national levels. Where central purchasing bodies are used, these appear to apply GPP criteria more frequently. GPP is most often applied in purchases of **vehicles/transport** and **ICT equipment,** followed by **energy, heating/cooling equipment** and **buildings and engineering works.**

The majority of respondents had a GPP or sustainable procurement policy either in place or under development – suggesting that the **importance of GPP has been recognised despite the evidence of uneven application in practice.**

Less than 40% of the respondents indicated that their organisation considered life-cycle costs (even some of the time) in procurement. **This represents a significant missed opportunity to ensure the actual cost of ownership (including ecological costs) is evaluated during tenders.**

The **main challenges for GPP** can be divided between **structural factors** (lack of senior management support, lack of legal mandate), **technical factors** (lack of capacity/skills/knowledge amongst procurement staff, lack of data/standards/criteria) and market factors (lack of sustainable product/services, cost perceptions). In terms of the support which could be provided by the EU/EDA, respondents identified a need for **project funding, training, guidelines and templates and the sharing of data, case studies and good practice** between MS.

Risks and Opportunities

Failure to implement GPP is associated with a number of specific risks for the defence sector:

- Compliance with mandatory legislative standards may be **insufficient to meet energy and carbon saving targets;**
- Investing in green solutions at a later, rather than earlier date makes **the operational transition to green products and services more difficult,** as less time for adaptation is available;
- Failure to engage and challenge suppliers with green criteria in procurement means that **innovation will happen in response to the needs of other customers**, and may not reflect defence sector priorities.

Conversely, taking coordinated action on GPP in advance or outside of mandatory legislation offers tangible benefits to defence organisations, including **ensuring the availability of green products and services which meet the sector's needs and avoidance of the costs and risks associated with late adoption.**

Solution Implementation

The report recommends the **adoption of a common strategy by defence sector organisations across the EU,** divided into six strands:

- **Strand 0:** Adoption by MoDs of a GPP policy, reflecting energy and climate commitments;
- **Strand 1:** Setting priorities and targets for GPP; monitoring and evaluation;
- **Strand 2:** Needs assessment (internal) and market engagement (external) for GPP;
- **Strand 3:** Pilot and demonstration projects for GPP in the defence sector;
- **Strand 4:** Upskilling of defence sector procurement staff to implement GPP;
- **Strand 5:** Adoption of common GPP criteria and tools by MoDs across the EU.

For each strand of the strategy, specific actions are identified that address the strategic, operational, and tactical levels. Resources to support each of these actions are identified, together with an analysis of the existing GPP tools and criteria for **three key procurement categorie**s with a significant environmental footprint:

- **Buildings;**
- **ICT products and services** (including data centres);
- **Heating and cooling equipment** (including on-site renewable energy generation).

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