



Webinar Green Public Procurement: Interplay of PFM Systems with Climate Change

February 21, 2023

Paper presentation

Antonia Ida Grafl, antonia.grafl@zhaw.ch

Alma Ramsden, alma.ramsden@zhaw.ch

RESEARCH FOCUS

How can **climate change considerations be mainstreamed into the PP process** so that government spending can serve as a lever for green growth and ultimately **contribute to a reduction in CO₂ emissions?**

Our focus: identifying enablers for greening PP by **looking through the PFM lens.**

To this end, three features of the PP function are examined – its **form of organization, operation mode** and **financial conduct.**





RESEARCH QUESTIONS

Research question 1:

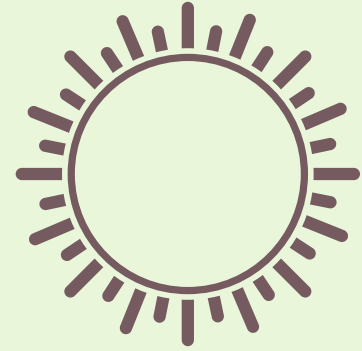
Can public procurement contribute to the reduction of CO₂ emissions?

Research question 2:

Is there an implementation gap between the GPP regulatory framework and GPP practice?

Research question 3:

How can the PFM system contribute to closing the implementation gap and greening PP?



METHODOLOGIES APPLIED

Desk Research

- develop the hypotheses
- select countries for case studies
- develop the questionnaire

Interviews With Relevant Stakeholders In Selected Countries

- validate the hypotheses
- identify good practices in GPP
- derive policy recommendations

CASE STUDY COUNTRIES

The Netherlands



Austria

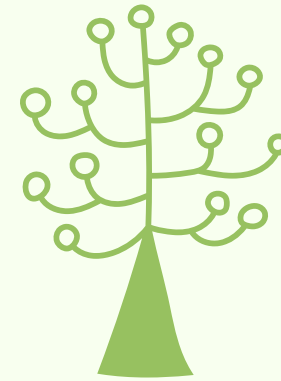


South Korea



- Forerunners in GPP
- Allow in-depth investigation of our three research questions
- PFM environments / GPP measures offer promising solutions to address the implementation gap

FINDINGS (I)



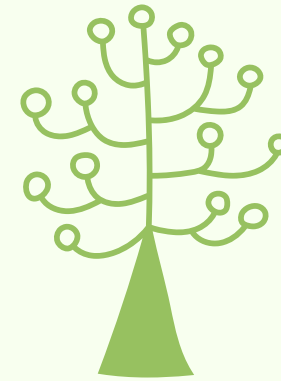
Governments can create an impact on CO₂ emissions through GPP, but the size of the impact is unclear.

In the majority of countries, there is a gap between GPP regulatory framework and actual GPP implementation.

The PFM system can contribute towards closing the implementation gap and greening PP through PFM enablers.

FINDINGS (II)

PFM ENABLERS



Elements & features of the PFM system to address the implementation challenges:

Form of organization.

Two main structural archetypes of PP - centralized and decentralized systems

Operation mode.

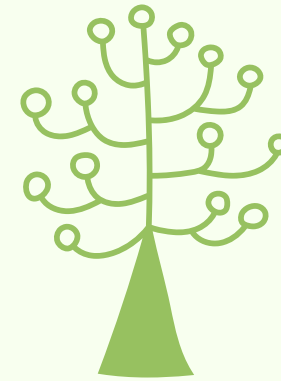
Automation of the PP function and application of e-procurement

Financial conduct.

Integration of cost accounting methods such as LCC in the PP process

FINDINGS (III)

PFM ENABLERS



A certain degree of centralization is necessary to mainstream environmental considerations into the PP function and to institutionalize GPP.

Minimum option: buyer groups

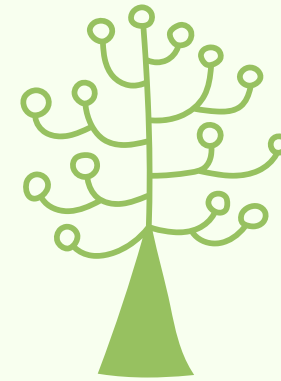
Joint purchases: for homogeneous contracts for similar products and services

Central purchasing bodies: institutionalized joint procurement

State-of-the-art e-procurement compensates for organizational form

FINDINGS (VI)

PFM ENABLERS



E-procurement is seen as an effective enabler for including horizontal policy goals, such as environmental considerations, in the PP function.

Preparatory stage: screening markets for suitable suppliers

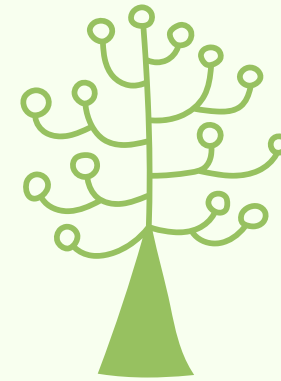
Tendering and award phase: automation of more administrative stages frees resources

PP portals: generates competition and lowers the barrier for suppliers wishing to participate

Generating post-award data: contract management and monitoring tools

FINDINGS (V)

PFM ENABLERS



Life Cycle Costing makes sense for product groups that have follow-up costs, but it is not crucial for greening PP.

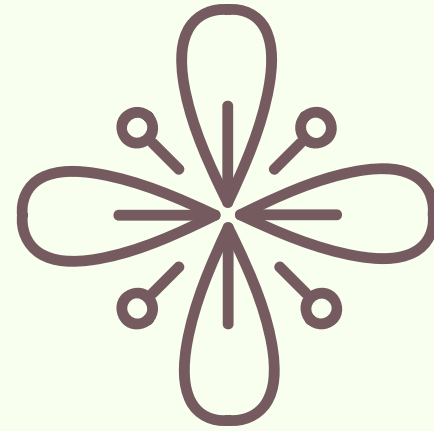
LCC should be mandatory for product, service, or work groups with significant post-acquisition costs

Focus on relevant direct life cycle costs and forgo the monetization of external effects

Third party ecolabeling: a good alternative

Political commitment: willingness to take the higher price premium

CONCLUSIONS

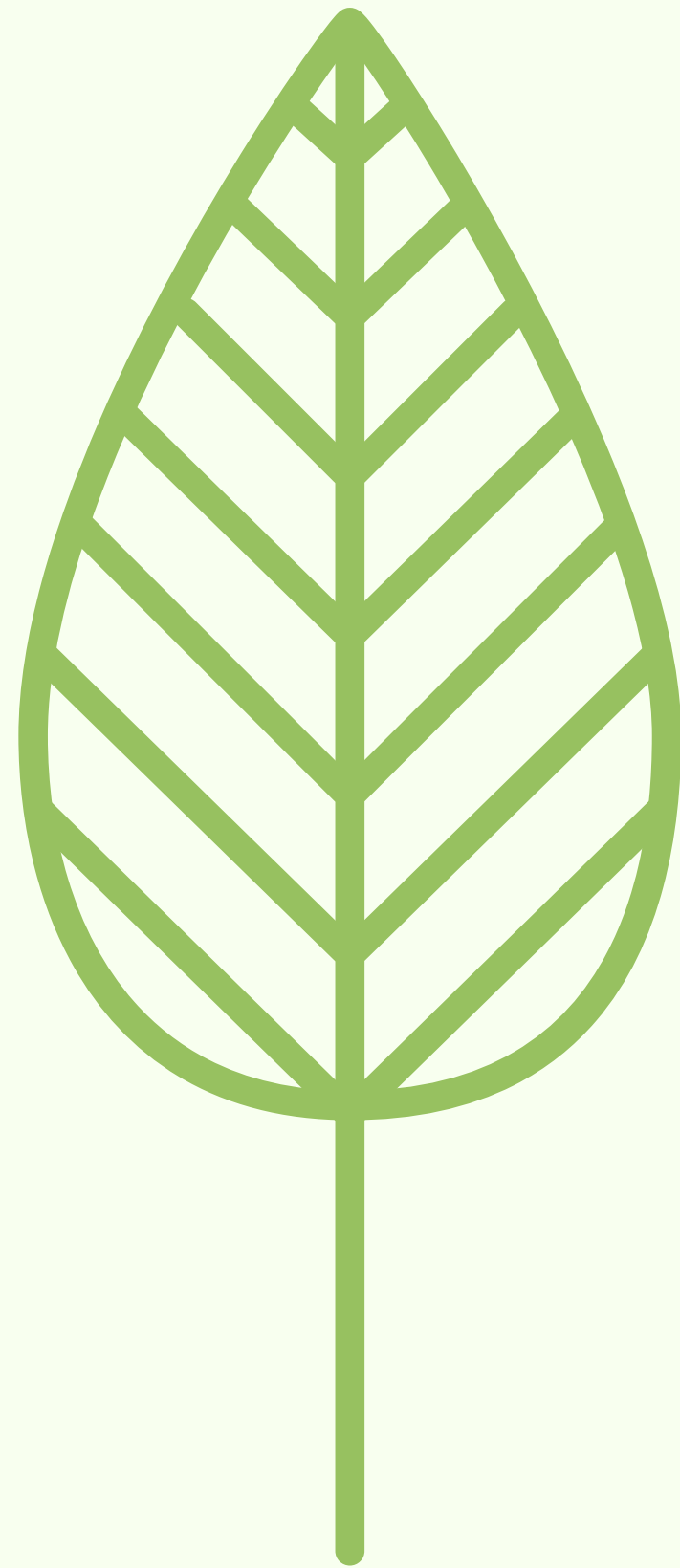


GPP implementation should be seen as a PFM reform, not as a purely legal matter

Reforms to the PP system should be addressed through a comprehensive change process.

Complex and fragmented environments can affect the potential for pursuing PFM reforms

GPP cannot be a singular measure if a government wants to achieve a reduction in its CO₂ emissions.



THANK YOU FOR YOUR ATTENTION!

WE LOOK FORWARD TO YOUR
COMMENTS
