

ROLE OF GOVERNMENT AND CONSUMER ORGANISATIONS WITHIN ECOLABELLING

- Part 1 -

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Role of Government & Consumer Organizations

➤ **Module D**

- presents information on how to promote eco-labelling through sustainable procurement and green public procurement programmes, including details of EU procurement policies.
- It presents information on promoting sustainable products using economic instruments and on promoting sustainable consumption and production through education programmes.
- It also covers the role of consumer organisations in promoting eco-labelling.

Module sections

- Following policies and tools:
 - green public procurement
 - economic instruments
 - Education for sustainable consumption
 - consumer organizations

- This section covers:
- an introduction to sustainable and green procurement
- the potential of Green Public Procurement (GPP) to promote SCP implementation
- the political context of GPP
- strategic elements of the concept of GPP
- status of GPP implementation in the EU
- the strategic role of eco-labelling within GPP
- from GPP policy towards GPP implementation
- overview of the GPP process.

Green Public Procurement

- Green Public Procurement (GPP) is identified as political response and strategic field to meet the challenge of sustainable development and to further encourage sustainable consumption and production
- GPP contributes to a wide range of environmental issues, like climate change and energy efficiency, waste and recycling, transportation, sustainable construction, organic food
 - environmentally responsible or ‘green’ procurement is the selection of products and services that minimize environmental impacts
 - it requires a company or organization to carry out an assessment of the environmental impacts of a product at all the stages of its lifecycle
 - this means considering the environmental costs of securing raw materials, and manufacturing, transporting, storing, handling, using and disposing of the product

Green Public Procurement

- eco-labelling can play an important strategic role to help the widespread and better application of GPP
- eco-labels could be used as baseline to outline and to comply with the technical specifications within the tendering process
- eco-labels could be used as some kind of “door-opener” to raise awareness among politicians, companies, and the general public
- European Commission and Member States provide a pool of knowledge (guidelines and specific tools) to re-orientate public procurement to be more sustainable and to build strong networks for better exchange of information on good practices related to the different stages of the procurement process

Success story

Some product categories covered by the Blue Angel label, such as municipal service vehicles, copiers or biodegradable lubricants, target professional purchasers, including public procurement. Studies undertaken in 1990 and 1991 showed that the Blue Angel label was more important to professional purchasers and public procurement than it was to private consumers.¹¹



Green Public Procurement

- If all public authorities across the EU demanded green electricity, this would save the equivalent of 60 million tonnes of CO₂, which is equivalent to 18% of the EU's greenhouse gas reduction commitment under the Kyoto Protocol. Nearly the same saving could be achieved if public authorities opted for buildings of high environmental quality.
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- If all public authorities across the EU were to require more energy-efficient computers, and this led the whole market to move in that direction, this would result in 830.000 tonnes of CO₂ savings.
- If all European public authorities opted for efficient toilets and taps in their buildings, this would reduce water consumption by 200 million tonnes (equivalent to 0.6% of total household consumption in the EU).

Green Public Procurement

- various international and regional organizations and networks have been active in promoting green public procurement through awareness-raising, toolkit development and capacity-building activities
- those include among others:
 - the Japan-based organisation IGPN (International Green Purchasing Network), launched in 2005
 - ICLEI (Local Governments for Sustainability), an international association of local governments and national/regional local government organizations
 - the North American Green Purchasing Initiative of the Commission for Environmental Cooperation (CEC NAGPI)
 - the Marrakech Task Force on SPP
 - the United Nations Environment Programme (UNEP)
 - the International Labour Organization's International Training Centre (ILO/ITC)



Green Public Procurement

- The results regarding the main barriers to GPP are:
- green products would be more expensive (44%)
 - the perceived additional costs associated with greener products are seen as a strong barrier in all the countries
- lack of environmental knowledge (35%)
 - lack of information and tools are also rated highly however in the ‘Green-7’ this was felt to be less of a barrier
- lack of managerial and political support (33%)
 - the high percentage stating that lack of management support is a barrier shows that senior officials within the public sector across Europe do not have a high awareness of the importance of the GPP agenda, or their awareness is not explicit to their purchasing staff
- lack of tools and information (25%)
- lack of training (25%)

Green Public Procurement

- a large number of tenders analysed – regardless of the product group – did contain references to the environment
- however, these criteria and references were not well defined and it would be unlikely that they would result in a greener purchase
- an example of an unclear environmental specification would be a tender stating that:
 - “packaging should be from environmental friendly material” (without further specifying which materials should be considered environmental friendly)

Green Public Procurement

- Example: A recurring example of non compliance with the European Directives is that EMS are often requested either as selection or award criteria. This is not allowed because the public procurement directives request that there must be a link between selection and award criteria on the one hand and the object or service or work purchased on the other hand.
- Example: Another frequent mistake is that tender documents refer to national eco-labelling schemes, without recognizing equivalent specifications or eco-labelling schemes. Although often these practices will have led to purchasers buying environmentally sound products, they cannot be promoted as best practice because of the lack of legal compliance.

- The spread of sustainable forest management (SFM) standards has been attributed to the incorporation of SFM certification in corporate purchasing policies. In addition, the German government has recently adapted its public procurement policies to prohibit the purchase of non-certified timber products. More specifically, the success of the FSC has been linked to the development of buyers groups, made up of companies that commit to purchase only FSC certified timber products. In some cases, products made with FSC certified timber that could also carry the FSC label have not been labelled, presumably because of the relative weakness of consumer preferences for these products.

- **This section covers:**
- an introduction and background to economic instruments
- the role of economic instruments in environmental policy
- the effectiveness of economic instruments to promote SCP
- linkages and synergy between economic instruments and eco-labelling

Economic Instruments

- economic instruments have gained particular attention in recent years as an important tool for reinforcing and implementing environmental policy while simultaneously contributing to sustainable development
- the advantages of economic instruments, when used under specific conditions, encompass the
 - provision of incentives for behavioural change
 - generation of revenue for financing further environmental investments
 - promotion of technological innovation
 - reduction of pollution at the lowest costs to society

Economic Instruments

- it is commonly recognised, that economic instruments need not be the sole policy response but can be beneficial even as one component of a wider policy package
- because economic instruments can complement rather than replace many legislative policies, there are many potential applications for them even in countries with existing policy constraints

Emission charges/fees/taxes; User charges/fees/taxes; Product charges; Tradable permit systems; Non-compliance fees; Deposit-refund systems; Performance bonds; Liability payments; Subsidies.

- The potential usefulness of eco-labelling schemes to create market-based incentives for environmentally friendly products and production processes was internationally recognized at the 1992 United Nations Conference on Environment and Development (UNCED) in Rio.
- Consumers are provided with the opportunity to express their environmental-ecological concerns through their choice of products. The consumers' preferences are expected to result in price and/or market share differentials between eco-labelled products and those that either do not qualify to be eco-labelled

Economic Instruments

- use of economic instruments in environmental policy has a number of advantages that has made them indispensable tools
 - to overcome the various market failures, economic instruments work by internalizing environmental costs and other social externalities through increasing the prices that individuals and industries must pay to use resources or to emit pollutants
 - by incorporating environmental or social costs into the prices of goods, services or activities that give rise to them, the basic function of economic instruments is to send a price signal to users or consumer to reduce inefficient and wasteful use of resources or to foster their optimal allocation

Economic Instruments

- economic instruments have been proposed and implemented within environmental policy around the world to address a host of environmental concerns, like:
 - use of natural resources (energy, water, soil and minerals)
 - solid waste and waste water management
 - protecting biodiversity
 - sustainable land use (agriculture, fishery, settlement)
 - reduction of air pollution (from production, transport)

Economic Instruments

- economic instruments are generally less expensive, more flexible, and more dynamic than legislative approaches
- increased usage of economic instruments can offer wide-ranging benefits, like:
 - are important tools for the implementation of the “polluter and user pays” principle (PPP)
 - may be capable of addressing diffuse pollution, an area where traditional command-and-control instruments often fail
 - can help to reduce the impacts of environmental controls on industry costs and competitive position relative to alternative policies
 - can generate technological innovation and help to spur the creation of new domestic industry for eco-innovation
 - may increase the transparency of policy-making and impacts
 - could be a good source towards cost-recovery of public provision of services and public revenues

Economic Instruments

- in practice, this encompasses many policy instruments including:
 - permits
 - quotas
 - licences
 - concessions
 - user fees
 - use taxes
 - access fees
 - impact fees
 - performance bonds
 - deposits
 - rights to sue
 - and financial assurance

Economic instruments

- economic instruments, like taxes and market incentive programmes, are mostly (and controversial) discussed to provide clear economic incentives to companies and consumers to support the market diffusion of eco-labelled products, like the ongoing debate on a VAT reduction on EU eco-labelled products within the European Union
- that a reduced VAT rate for consumer products, goods and services that are environmentally-friendly, energy efficient and take into account of natural resource use, will have clear environmental and economic benefits
 - this position is also supported by some Member States, like the UK or France

Economic Instruments

- related to OECD, product labelling are sometimes included also as economic instruments as well
 - voluntary industry standards or labelling programmes are sometimes classified as economic instruments, because they modify demand through the provision of increased data on products to consumers in the marketplace
- beside this, there are some indications that combining economic instruments with eco-labelling may increase the effectiveness of the policy mix to promote sustainable consumption and production in different ways, like
 - signalling function or
 - incentive function

- This section covers:
- an introduction to concepts
- education as means of implementation for sustainable development
- the concept of ESD and the special dimension of sustainable consumption
- making education for sustainable consumption happen
 - promoting eco-labels through Education

- the origins of ESD lie in the development of environmental education (which highlighted the interrelatedness among people, cultures and the ecosphere) and consumer education
- Agenda 21, MDG, JoPOI
- the further need for:
 - promotion and improvement of basic education
 - reorienting existing education at all levels to address sustainable development
 - developing public understanding and awareness of sustainability
 - training

- to further consider the strategic value of education to promote sustainable consumption and lifestyles, but also the widespread of eco-labelling, the following conclusion can be drawn:
 - the concept of sustainable development means to meet the challenges of education and sustainability
 - on the political level the centrality of education to achieve sustainable development is widely recognised, but still lacking adequate implementation
 - within the Decade on Education for Sustainable Development a broad concept understanding of education for sustainable development was developed and the practical implementation on international, regional and national levels improved
 - sustainable consumption and lifestyles are key issues to be addressed by ESD, but adequate implementation is still to vague
 - there is a urgent need to further streamline and integrate the issue of sustainable consumption and lifestyles in political and practical terms

- ESD recognised the issue of sustainable consumption and lifestyles as a key area for action within ESD:
 - Our choices as consumers today will impact the way people live tomorrow. Sustainable consumption means consuming goods and services without harming the environment or society.
 - Living a sustainable lifestyle is essential to overcoming poverty and conserving and protecting the natural resource base for all forms of life.
 - ESD promotes responsible citizenship and fights against the social and resource impacts of unsustainable lifestyle consumption habits.
 - ESD must encourage new behaviours to protect the world's natural resources.

- Promoting eco-labels through education
 - eco-labelling has become part of the various concepts of consumer education, education for sustainable development,
 - in the last few years, promoting eco-labels through the educational system gains more importance, but it is still on a low stage
 - at present, eco-labelling is not systematic part of the formal educational system yet
 - exemptions to this are in such cases, where schools have close cooperation with consumer organizations, or where a school setup actions to become a „green school“
 - there are some indications, that eco-labels are also part of professional training programmes in the retail sector or part of special courses on environmental management or marketing in higher education
 - good examples for this approach are campaigns on the “Ecological School Start” in which governments, school authorities, schools and retailers implements multi-channel marketing and school activities (Austria, Germany)

- civil society as a strong change agent for sustainable consumption and production
- the role of consumer organisations in modern society
- institutionalisation of consumer protection on the international, European and national level
- consumer organisations as strategic partner for sustainable consumption and production policy and implementation
- the involvement of consumer organisations in eco-labelling.

Consumer organisations

- consumer organizations could play an important role within eco-labelling:
 - consultation of policy design for eco-labelling
 - stakeholder representation in eco-labelling board
 - participation in criteria development
 - strategic partner in the promotion of eco-labelling within public campaigns
 - competent and verification body
 - product testing of eco-labelled products
 - consumer information and education
 - campaigning
 - CSR and eco-labelling
- consumer organizations became often part in the political process to setup adequate policy frameworks for eco-labelling
- consumer organizations often give the political stimulus to setup eco-labelling schemes

Consumer organisations

- consumer organizations are often initiating public campaigns on eco-labelling or become active part of governmental financed promotion activities (see marketing)
- due to their structure and networks, consumer organizations are good distribution channels for various issues related to eco-labelling
- in some countries, like Austria, consumer organizations are the managerial body of the eco-label scheme, functioning as competent and/or verifying body
- the eco-label itself is part of the institutional structure of the consumer organization
- normally, the task to function as competent and verifying body is delegated by the government (as owner of the eco-label)

Consumer organisations

- consumer organizations play a key role to setup independent product testing
- independent product testing forms the backbone of consumer's confidence
- without independent product testing it is difficult to obtain qualified information on the impacts and performance of products at the market
- consumer organizations are valuable partners to implement complementary measures in the field of consumer information and education
- consumer organizations provide valuable tools and activities to help consumers to better understand the functioning of eco-labelling
- additionally, consumer organizations are often contacted by consumers as source of information on the various types on (eco)-labels and their level of confidence
- as outlined earlier, one basic function of consumer organizations is to sensitise the general public on emerging issues and to mobilise political support through campaigning

Consumer organisations

- in recent years, consumer organizations have started to give consumers more transparent information on the CSR performance of companies
- consumer organizations have developed own award schemes or integrate CSR related issues as one part of other activities, like product testing, education, campaigning

QUESTIONS