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# The Impact of Green Public Procurement in Western Balkan Countries

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**Abstract:** The sensitivity to environmental preservation toward ethical and sustainable economic growth has been at an all-time high in recent decades. Green public procurement (GPP) is a procedure in which public entities, such as governments or municipalities, purchase goods and services that have a lower environmental effect than conventional alternatives. GPP is gaining popularity in the Western Balkans as a strategy for promoting sustainable development and addressing environmental issues.

The demand for recyclable products, energy-efficient systems, clean technology and fuels, is driving the adoption of ecologically responsible business practices. Private consumers are also encouraged to focus on green purchases. Considering that European public institutions consume 1.8 trillion euros per year (14% of European GDP), their involvement in a constant process of purchasing goods and services with low environmental impact can decisively influence sustainable development in Europe and stimulate eco-innovation.

In this article, we will examine the adjustments that Western Balkan enterprises must adopt in order to take advantage of the possibilities of Green Public Procurement, as well as their capacity to do so. One of the important points that will be examined in this article is related to the innovation of the procurement process, taking international best practices that can be adapted to the characteristics of the countries of the Western Balkans, as well as to the innovative processes that these countries can compose and promote.

**Keywords:** Green Public Procurement, Western Balkan region, government, Innovation, impact, benefits.

## 1.1 Introduction

Green public procurement (GPP) is the process of including environmental factors in public procurement methods. Green Public Procurement (GPP) is the practice of purchasing commodities, and services. It works with a reduced environmental effect throughout their lifecycle than goods, and services, and works with the same main purpose that would otherwise be acquired, (European Commission, 2008).

Green Public Procurement initiatives (GPP) include the purchase of energy-efficient office equipment, the use of renewable energy sources for public infrastructure projects, the use of environmentally friendly cleaning products, and the implementation of sustainable transportation solutions. National, regional, or local legislation, guidelines, or policies frequently govern GPP. These frameworks include criteria and standards for evaluating the environmental performance of products and services and methods for incorporating environmental concerns into the procurement process.

According to the authors Hasanbeigi A., et al. (2019), the European Commission defines GPP as "...a process where 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" (Interreg Europe 2018).

Some of the positive effects of GPP are the reduction of the level of environmental pollution, sustainable development, improving green production, encouraging the formation of a green supply chain, the projection of a positive image of environmental protection for the government as well as the orientation of green consumption by the public (Liu J., et.al., 2019).

Different authors emphasize the fact that public authorities can use their purchasing power through Green Public Procurement to assist green technologies and products to become competitive in the private market (Bryngemark E, et.al, 2023). Policies that prioritize making purchases that are socially and environmentally responsible can influence markets toward sustainability (Hasanbeigi A., et al. 2019).

Public procurement accounts for a significant portion of GDP in numerous industrialized nations. In several cases, procurement expenditures account for 10% to 15% of total GDP (Hall et al., 2016). For example, the European Union spends 14% of its GDP on publicly acquired goods and services (Bryngemark E. et al., 2023), approximately EUR 1,8 trillion is spent annually.

One of the benefits that we can mention of Green Public Procurement is the financial savings on the part of public authorities if we take into consideration not only the purchase price but also the full life-cycle costs of a contract (OECD, 2023).

The aim of the study is to analyze the challenges that the Western Balkan Countries have to face to get an advantage from the possibility of green public procurement and if they have the capacity to implement the practice of green procurement. Also in this paper, we will examine some of the good practices of those developed countries that are part of the European Union that have embraced green practices in public procurement. In this work, we have selected several countries that will serve as good practices.

## **1.2. Case studies on Green Public Procurement.**

Since January 2010, the European Commission has been pushing good practice examples of GPP. The aim of publishing these cases also affords some 'lessons learned' for others who want to emulate their experiences (*Good Practice Library*, European Commission).

One of the many successful case studies on Green Public Procurement (*Good Practice Library*, European Commission), that can be mentioned, is the case of Copenhagen, Denmark. The City of Copenhagen spends around 2.1 billion euros each year on products and services, therefore public procurement is a useful instrument for nudging the market in a more sustainable path.

Copenhagen enacted the CPH 2025 Climate Plan (2012)<sup>1</sup>, a comprehensive approach in four key areas: energy consumption, energy production, mobility, and city administration. The City of Copenhagen sought window cleaning services for buildings under the jurisdiction of its Child and Youth Administration in 2022. The city decided to include green vehicle criteria in the tender. The tender was awarded to two suppliers and the four-year framework agreement began on September 1, 2022. The agreement worth approximately 1.6 million euros, covers three districts in Copenhagen and the contract award criteria were only price-related. Copenhagen, through this procurement, has taken environmental parameters into consideration while addressing the effects of its vehicles and cleaning supplies.

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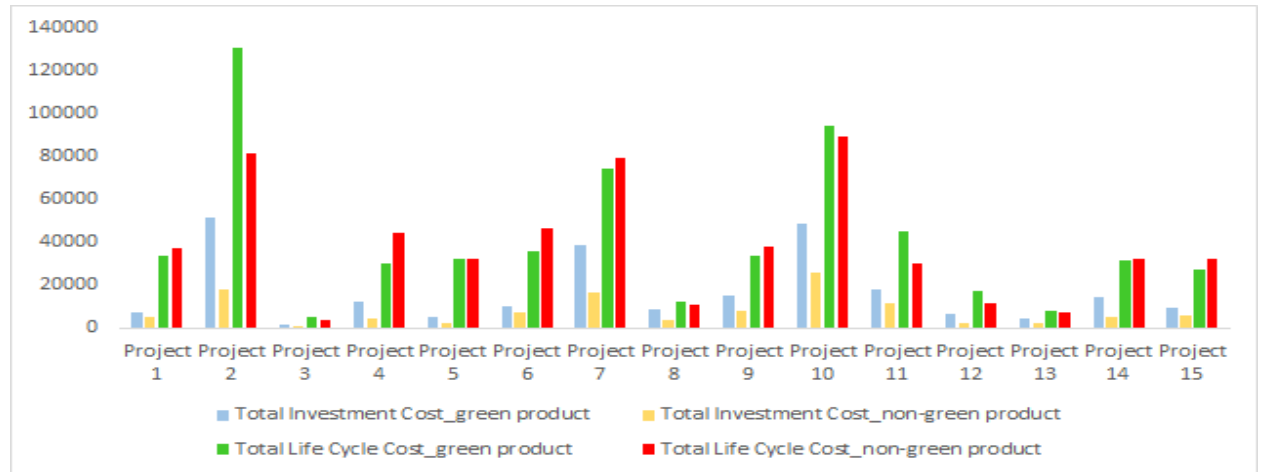
<sup>1</sup> CPH 2025 Climate Plan – English (2012)  
[https://kk.sites.itera.dk/apps/kk\\_pub2/index.asp?mode=detalje&id=983](https://kk.sites.itera.dk/apps/kk_pub2/index.asp?mode=detalje&id=983)

Here is presented an example of a work carried out by the authors Orfanidou V. et. al. (2023). In this paper, the authors have taken a case study of the public sector in the case of Greece (Case Study from the Greek Public Sector”, pg.8/15)<sup>2</sup>.

The aim of their study was to evaluate the results of the Life Cycle Costs (LCC) tools implementation in the context of Green Public Procurement (GPP) and to study the economic impact of GPP in public organizations in Greece. In this paper, the authors analyzed 15 projects in different municipalities in Greece for Indoor/Outdoor lighting.

In graphic no.1, we can see that 7 out of 15 projects turned out to have investment costs of green products at higher levels than conventional products, but in these cases, their LCC is lower. The fact that the LCC is at the lowest level in these 7 projects, is an indicator of efficient investment. But in the other 8 projects, the investment cost and Life Cycle Cost (LCC) are at high levels. In these cases, the investment appears to be unprofitable.

**Graphic nr.1:** Investment costs and Total Life Cycle Costs (LCC) of green and non-green products in Greece.



**Source:** Orfanidou V. et. al. (2023)

In the case of project no. 5, the case of the University of Patras, for Indoor lighting, the total investment cost for the green product is 4983.4 and the total investment cost for the

<sup>2</sup> Orfanidou et. al. (2023), “Life Cycle Costing Implementation in Green Public Procurement: A Case Study from the Greek Public Sector”, pg.8/15. file:///C:/Users/user/Downloads/sustainability-15-02817-v2.pdf

non-green product is 2153.98. In this case, the green product costs 2.3 times more than the non-green product.

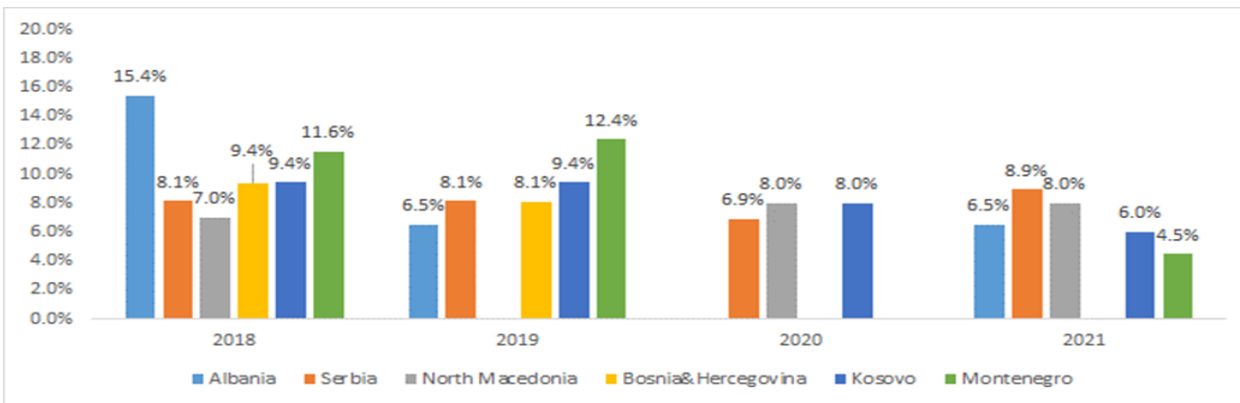
The total Life Cycle Cost (LCC) for green products is 32456.69 and the total Life Cycle Cost for non-green products is 32240.7. In this case, the LCC difference is 1%. If the award was based on the lowest price, then non-green products would have been selected, by leveraging product life cycle assessment the selection would have been different.

### 1.3 Green Public Procurement in the Western Balkan Countries

Public procurement in the countries of the Western Balkans is about 5% and 9% of the country's GDP in 2021 (see graph no. 2). Although the GDP per capita is not as high as the EU country, since the Western Balkan countries have a GDP per capita that is about 30%-60% of the EU average, this data is a significant indicator to understand that even Western Balkan governments possess significant purchasing power. Furthermore, this means that they have the ability to influence the market with their requirements.

In the graph below, we have placed the data regarding the Percentage (%) of Gross Domestic Product as Public Procurement Expenditure in Western Balkan Countries. The data was obtained from the Global Public Procurement Database (GPPD) for the period 2018-2021.

**Graphic nr. 2:** Percentage (%) of Gross Domestic Product as Public Procurement Expenditure in Western Balkan Countries.



**Source:** World Bank, GPPD 2023<sup>3</sup>

Developed countries have enterprises that invest in Research and Development and have a high level of technology. Small and developing countries, such as the countries of the Western Balkans, have production facilities that do not yet operate with the most modern technologies, but in many cases produce non-green products that cost less.

The adoption of EU directives will, on the one hand, increase the costs for replacement with green products, and on the other hand, this risks excluding the enterprises of Western Balkans countries from public tenders. This is because these enterprises often do not have sufficient funds to adopt their production equipment with the latest technologies.

Course of the conditions that governments impose on businesses force them to spend more funds on Research and Development in order to produce products that pollute less, according to the principles of environmental protection. On the other hand, business costs increase, and new products could cost more for the state coffers and for the taxpayers' pockets.

The Green Agenda for the Western Balkans (GAWB<sup>4</sup>) in accordance with the European Green Deal, is focused in five main thematic areas, such as decarbonisation, circular economy, depollution of air, water and soil, sustainable nutrition and the protection and restoration of eco-systems. This implies a new growth strategy for the region which aims to transition from a traditional economy to a sustainable economy.

Below we will list some information about the current situation of some countries of the Western Balkans. This information is obtained from the annual reports of public procurement of these countries and from the Green Agenda for the Western Balkans Action Plan - Implementation Report 2022<sup>5</sup>.

The economies of the Western Balkans countries are at different stages of the EU membership process and have a different path to the green transition.

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<sup>3</sup> [Global Public Procurement Database \(GPPD\):  
https://www.worldbank.org/en/topic/governance/brief/global-public-procurement-database](https://www.worldbank.org/en/topic/governance/brief/global-public-procurement-database)

<sup>4</sup> file:///C:/Users/user/Downloads/factsheet\_wb\_green\_agenda\_en%20(1).pdf

<sup>5</sup> Green-Agenda-for-the-WB-Action-Plan-Implementation-Report-2022-WEB (1) (1).pdf  
The report provides insights for the seven thematic Roadmaps: climate action, sustainable energy, sustainable transport, circular economy, depollution, sustainable agriculture, and protection of nature and biodiversity.

Albania has built the Public Procurement Agency (*APP- Agjensia e Prokurimit Publik*<sup>6</sup>) and the highlight of the Annual Report 2022<sup>7</sup> was the Green Procurement Roadmap. The country has finalized and published the green procurement roadmap<sup>8</sup>.

Transparency Improvements in SPE (Electronic Procurement System):

- Continuous improvements in SPE, including enhancement of the dynamic system.
- Creation of mini-contracts. Implementation of filters to identify the use of evaluation criteria based on cost and green procurement criteria.
- Cooperation with Foreign Institutions. Close collaboration with SIGMA/OECD on new legal initiatives in public procurement.
- Cooperation with the World Bank on projects related to green public procurement and the preparation of methodologies, legal frameworks, and procurement procedures for responding to natural disasters.

Kosovo has opened the Public Procurement Regulatory Commission (*Komisionin Rregullativ te Prokurimit Publik – KRPP*<sup>9</sup>) its mission is the development, operation, and supervision of the public procurement system in Kosovo, including electronic public procurement (E-Procurement). The promotion of basic procurement principles is transparency, accountability, fair competition, equal treatment, and value for money.

Capacity improvement through:

- Advancement of a monitoring system for legal framework implementation.
- Human resources development, training, and education.
- Advancement of public procurement management procedures.
- Improved communication among all actors in public procurement.
- Integration of socio-economic and environmental objectives in green and socially responsible public procurement policies.
- Adoption of contemporary methods like electronic and centralized procurement.
- Raising awareness of officials about the functioning of the public procurement system in Kosovo.

Both countries are focused on aligning their public procurement systems with international standards, incorporating green procurement practices, and collaborating with foreign institutions for expertise and support in enhancing their procurement frameworks.

The report's<sup>10</sup> (GAWB) data indicates that although legislative frameworks have included regulatory instruments and green public procurement initiatives to assist enterprises in their greening endeavors, their implementation is still lacking.

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<sup>6</sup> <https://app.gov.al/>

<sup>7</sup> <https://app.gov.al/GetData/DownloadDoc?documentId=83d7547a-e8c9-4458-9321-e6eeef5324e6>

<sup>8</sup> <https://app.gov.al/legjislacioni/prokurimi-publik/udherrefyes/>

<sup>9</sup> <https://krpp.rks-gov.net/njoftimet>

<sup>10</sup> the Green Agenda for the Western Balkans Action Plan - Implementation Report 2022



In Montenegro, North Macedonia, and Serbia, laws and plans related to public procurement call for the inclusion of environmental impact criteria, such as life-cycle costs.

However, according to the report, North Macedonia has planned a few events in this area, and this alternative has not been utilized enough in practice. Whereas in the case of Montenegro and Serbia, several activities have been carried out to encourage the use of green public procurement.

In the case of Montenegro, the government has implemented a project that was oriented towards increasing the awareness and capacities of public administrations and enterprises to facilitate green public procurement.

In Serbia, to facilitate the implementation of green public procurement the Office of Public Procurement conducted a workshop to acquaint contracting and provide them with various case studies and useful tools. According to the Office for Public Procurement 2021 Report, in 2021 were conducted 650 green public procurements.

International donors have made major financial contributions to the Western Balkans region in order to promote sustainable development and green growth, notably through programs like the Regional Environmental Reconstruction Programme (REReP).

Opening markets to investments from well-established green enterprises can bring capital, knowledge, and technology transfer. This can accelerate the adoption of sustainable practices in the Western Balkan countries. Providing financial support and accessible credit for enterprises involved in public tenders aligns with the idea that the state, banks, and businesses form a collaborative triangle. This approach can facilitate the implementation of greener technologies and practices.

## **Conclusion and Recommendation**

- Encouraging joint regional initiatives promotes collaboration among Western Balkan countries. By fostering enterprises that operate beyond national borders, regional economic exchanges can increase, creating a more integrated and interconnected economic space.
- Facilitating cross-border operations of enterprises within the Western Balkan space enhances regional economic cooperation. This can lead to shared resources, knowledge transfer, and the development of joint solutions to common challenges.
- Supporting the development of skills and expertise in green technologies is crucial. Educational programs and training initiatives can prepare the workforce for the demands of environmentally conscious industries.
- Ensuring that national policies align with sustainable development goals and promote green practices is essential. This includes regulatory frameworks that incentivize eco-friendly initiatives and penalize environmentally harmful practices.

- Implementing mechanisms for monitoring and evaluating the effectiveness of green procurement and sustainable development initiatives is vital. This ensures that strategies are adjusted based on real-time data and feedback.
- Raising awareness among the public and businesses about the benefits of green practices can create a supportive environment. Public buy-in and demand for sustainable products and services can further drive the adoption of green technologies.

Emphasizing that technological development should not cease is crucial for ensuring ongoing progress in environmental sustainability. This aligns with the global trend towards innovation that minimizes environmental impact. Encouraging R&D, especially for existing enterprises, is key. Incentives, grants, or collaborative programs can stimulate innovation, enabling businesses to adopt greener practices and technologies.

Nowadays, economic development is accompanied by a high level of pollution that has had negative effects on people's health and on the destabilization of the ecosystem. Specifically, fossil fuels burning in order to produce energy, as well as the manufacturing industry, have meant economic development with an increasingly expensive bill.

The change in the conception of economic development, starting from the role of the state and the obligations of the private sector, brings complications and costs at the same time.

In addition to the environmental benefits, an immediate adoption of green procurement could risk alienating the region's enterprises and driving them into bankruptcy, increasing unemployment and making the economies of the Western Balkans more fragile.

In the long term, GPP constitutes a positive decision-making achievement addressed by the European Union and Western Balkans countries towards a stable and sustainable economic development. The preservation of human health, in this case, will not be endangered by economic development. The growth of the economy will be ensured without damaging the earth's natural resources and maintaining the balance of our existence.

Managing a just transition is complex and challenging, and we have the opportunity to implement it in the right way.

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