

KOREA¹***Context and objectives***

Korea's green public procurement was first introduced in tandem with the Korea Eco-label under the Act on Development and Support of Environmental Technology of 1994. State agencies were recommended to preferentially purchase products awarded the Korea Eco-label. However, it remained inactive due to the limited number of eco-labelled products and the lack of a monitoring system.

Green public procurement took a more concrete form when the Ministry of Environment introduced the Act on Encouragement of Purchase of Green Products in 2005 (hereinafter the Act of 2005). At the beginning of each year, state organisations – i.e. central and local governments and public organisations – are obliged by the Act of 2005 to submit an implementation plan on green purchases of the year and the performance records of the previous year to the Ministry of Environment.

A series of consultations with the line ministries, public organisations, experts and the industry were conducted to agree upon the essence of the Act of 2005. It was concluded that green public procurement be implemented in connection with the eco-labelling – i.e. Korea Eco-label and Good Recycled Mark – in order to minimise the administrative costs required to set the green procurement standards by each institute.

The adoption of the Act of 2005 has been instrumental in stimulating the development of eco-labelled products in both quantity and quality by leveraging the public demand. The total public expenditure in green purchases has more than tripled, from KRW 254.9 billion in 2004 to KRW 787 billion in 2005, with a further increase to KRW 1 727 billion in 2012. In addition, the number of products certified by the Korea Eco-label increased by 3.8 between 2004 and 2012.

Implementation

The government does not set quantitative targets related to green public procurement, but each state agency must set its own voluntary target (e.g. estimated amount of green purchases and percentage of green purchases in relation to the total purchases of the year) and report it to the Ministry of Environment. The Ministry of Environment expects the green public market to grow by 1.5 times over the three years between 2012 and 2015.

The products and services applicable for green public procurement are defined by the Act of 2005 as: *i*) certified or meeting the underlying criteria set by the Korea Eco-label; *ii*) certified or meeting the criteria of the quality certificate for recycled products (Good Recycled Mark); *iii*) complying with other environmental criteria set by the Ministry of Environment following consultation with the heads of the relevant ministries.

According to the Act of 2005, state agencies should purchase green products and services for which the eco-label criteria exist. In 2012, there were about 870 umbrella organisations comprising about 30 000 subsidiary organisations subject to the Act of 2005. Green procurement can be made in two ways. Each organisation can directly purchase green products and services. If the total amount of purchase exceeds a certain threshold, the purchase is commissioned by the Korea Public Procurement Service (PPS), the central public procurement agency. Otherwise, each organisation can require contractors to purchase green products in delivering their services (e.g. construction, maintenance,

1. Case study submitted by the Korean Environmental Industry and Technology Institute (KEITI).

repair and operation services) by including special conditions or green specifications in the contract. The product groups incorporate various product categories, ranging from electronic appliances, office supplies and furniture to construction materials, etc.

The Korea Environmental Industry and Technology Institute (KEITI), affiliated with the Ministry of Environment, is operating the overall GPP system and the Korea Eco-label. The KEITI is in charge of collating green procurement implementation plans from the state agencies and monitoring the results. Furthermore, a variety of policies are also being exercised to supplement the GPP as follows:

- produce an annual guideline to inform procurers of the green procurement and monitoring procedure
- conduct trainings for procurers regularly and on demand
- publish the case studies and hold workshops to feature best practices
- give national awards and incentives to state agencies with good performance.

Impact and monitoring

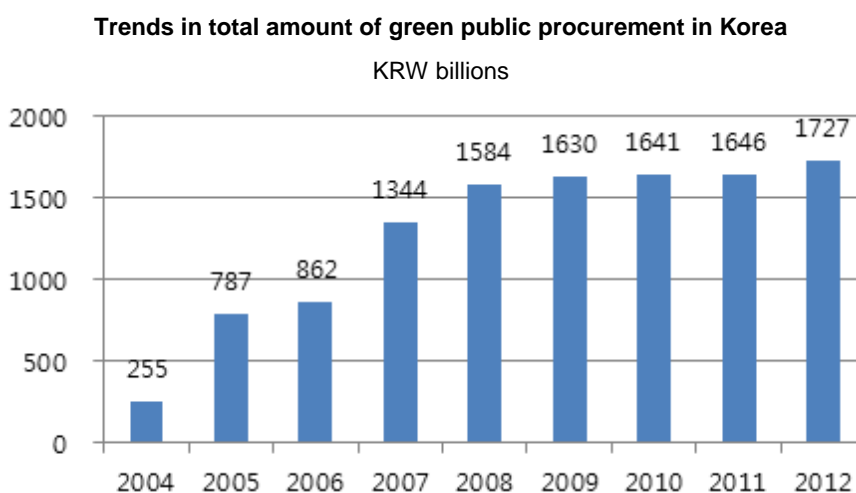
In order to keep track of the progress of green public procurement, three indicators are monitored by the KEITI: *i*) the number of public organisations that submit an implementation plan and performance records; *ii*) the total amount of annual green procurement in economic value and units; *iii*) green standards and specifications of service and construction contracts.

In order to collate data from the umbrella organisations, in 2005 the KEITI established an online platform, the Green Products Information System (GPIS), to make the monitoring and reporting process easier and more convenient. Linked with the PPS' electronic procurement system, the records of the green purchases procured through the PPS are automatically transferred to the GPIS. In addition, the records of the green purchases made individually by the organisations are added up if the respective organisations keep track of purchase data and upload them on the GPIS.

In total, about 60% of the national green procurement data is automatically reported via the GPIS, which greatly reduces the administrative burdens of both procurers and the KEITI in monitoring and compiling the results. An institutional arrangement between the key stakeholders – such as PPS (the central procurement agency), the Ministry of Environment and the KEITI – was instrumental in setting up an integrated e-monitoring system.

The compiled green public procurement data by institution is uploaded on the website of the Ministry of Environment and the GPIS so that the public can easily access and compare the results. In addition, once the data is disclosed, the results are usually covered by the major media in Korea, which encourages competition among public organisations. In 2013, 96.4% of state agencies submitted their implementation plans and records and 97.7% of the organisations reported their performance records.

The total amount of green public purchases rose dramatically during the first few years following the adoption of the Act of 2005 and continues to grow steadily. In addition, the economic, environmental and social impacts of green public procurement are annually calculated by the KEITI in order to communicate the benefits to the public. To date, the estimated reduction of CO₂ equivalent emissions is 3.1 million tonnes, which can be translated into KRW 54.5 billion of economic savings. Social benefits are calculated in terms of 12 143 new jobs.



Source: KEITI.

Challenges and risks

Green public purchases only account for 5-6% of the total domestic procurement executed by the Korean Public Procurement Service. This is partly due to the relatively high prices of certain green products, such as furniture and construction materials. In addition, complaints on the quality of some green products are another barrier hampering market uptake of green products.

In Korea, there are several fragmented regulations on public procurement. Therefore, “green” procurement may not be a priority for some procurers or organisations in the face of a number of other criteria (e.g. energy efficient, socially responsible) that are competing with the “green” criteria. Furthermore, given that those criteria are imposed by different ministries on public organisations without co-ordination, the procurers shoulder the burden of reporting the records to the different ministries.

Key lessons learnt

Green public procurement in Korea has benefited from the already established green criteria of the Korea Eco-label and Green Recycled Mark. By linking these two policies, administrative costs to set the green procurement standards have been limited by each institute, thereby inducing the rapid growth of the green public market. It was after the government’s clear signal to scale up the GPP that green products became competitive and diversified in the market. This approach can be strategically replicated in other countries considering the adoption of both eco-labelling and GPP simultaneously.

Green public procurement should go hand in hand with eco-innovation policies aimed at stimulating the market. By nurturing the green market, the product groups covered by the GPP can be expanded, while the quality and price competitiveness of green products can be ensured. In this regard, the Ministry of Environment establishes a Master Plan for Encouraging Purchase of Green Products every five years, elaborating a variety of policies aimed at promoting green production, distribution and consumption.

Green public procurement in Korea should be harmonised with other procurement regulations and criteria so as to minimise confusion and burdens of procurers. In the long run, the scope of green

procurement should be expanded to incorporate both “ecologically efficient” and “socially inclusive” procurement, thereby becoming sustainable public procurement.