

EXECUTIVE SUMMARY

GREEN PUBLIC PROCUREMENT –
A STIMULUS FOR GREEN GROWTH

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About the Koret-Milken Institute Fellows Program

The Koret-Milken Institute Fellows Program accelerates Israel's economic growth through innovative, market-based solutions for long-term economic, social, and environmental issues. The program focuses on connecting government, philanthropic, and business resources that are vital to national growth and development.

Directed by the Milken Institute Israel Center, the Koret-Milken Institute Fellows Program awards annual fellowships to outstanding graduates of Israeli and international institutes of higher education. Fellows serve yearlong internships at the center of the nation's decision-making—the Knesset, government ministries, and other Israeli agencies—and aid policymakers by researching and developing solutions for various economic and social challenges.

In addition, fellows craft their own policy studies aimed at identifying barriers to economic and employment growth in Israel. The fellows' studies, carried out under the guidance of an experienced academic and professional staff, support legislators and regulators who shape the economic reality in Israel. The program offers the ultimate educational exercise, combining real-life work experience with applied research five days a week.

Throughout the year, fellows receive intensive training in economic policy, government processes, and research methods. They acquire tools for writing memorandums, presentations, and policy papers, and they develop management, marketing, and communication skills. The fellows participate in a weekly workshop, where they meet senior economic and government professionals, business leaders, and top academics from Israel and abroad. They also participate in an accredited MBA course that awards three graduate-level academic credits that are transferable to other universities in Israel. The course, which focuses on financial and economic innovations, is taught at the Hebrew University of Jerusalem's School of Business Administration by Professor Glenn Yago, Director of the Milken Institute Israel Center and Director of Capital Studies at the Milken Institute in California.

Fellows Program alumni can be found in senior positions in the public and private sectors. Some serve as advisers to government ministries while others work at private-sector companies or go on to advanced studies at leading universities in Israel, the United States, and Great Britain. Within the program's framework, more than 80 research papers have been published, catalyzing reforms, reducing barriers, bringing about economic growth, and improving the quality of life for Israeli citizens.

The Koret-Milken Institute Fellows Program is nonpolitical and nonpartisan. It is funded by the Koret Foundation, the Milken Institute, and other leading philanthropic organizations and individuals in the United States and Israel.

More about the program: www.kmifellows.org

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Multiple impacts on the environment are associated with the consumption and production patterns in the economy. These impacts can be mitigated by preferring products and services with a lower environmental impact, such as products that are resource efficient during their use phase (i.e. lower electricity use, lower water consumption); products that are manufactured in a non-polluting process; products that are designed for extended life; etc. The task of preferring a better environmentally designed product lies in the hand of consumers, therefore consumers are a key factor in tackling the pressing environmental challenges that we face.

The public sector in Israel, as in the rest of the world, is considered to be the largest and most significant consumer in the market with public spending on goods and services in 2010 reaching NIS 81 billion, or about 10% of Israel's GDP. Considering this scale of spending, green public procurement is a powerful policy tool that can be used to leverage public spending to promote green growth in Israel. By using environmental criteria in the procurement process and estimating the cost of products and services using a "full life cycle" approach, many environmental and economic benefits can be achieved.

Implementation of environmental criteria in the procurement process will result in a lower environmental footprint by the public sector, while budget savings would be generated from lower operating costs resulting from the resource efficiency of the products. Furthermore, considering the size of the public consumer and its position in the market, environmental criteria in public tenders will force suppliers (current and new) to make changes to accommodate the new demands. Consequently, an increase in the quantity and variety of environmentally preferred products and services is expected, which also may lead to decreasing prices due to economics of scale. These processes are expected to increase private consumption of environmentally preferred products and services, which will result in the cumulative effect of a significant decrease in consumption-oriented environmental problems in the entire economy.

Ultimately, the benefits of green public procurement are expected to exceed the boundaries of public consumption with changes in the patterns of public consumption toward a more environmentally considered process leading private consumptions patterns in the same direction. This, in turn, will result in a greener market of goods and services, supporting green growth for the economy.

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