

Buy Smart+ Green Procurement in Europe

Introduction

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- Green Public Procurement
- GPP in Action
- Life Cycle Cost
- The Buy Smart+ project



Public Procurement in Europe

Main principles of Public Procurement Law:

- Transparency
 - Equal treatment
 - Competition
 - Efficient use of resources
-
- Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors
 - Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts

Public Procurement



- The directives cover contracts above certain thresholds (regulation 1422/2007):
 - For construction works: 5,000,000 Euro
 - For products and services:
 - 130,000 Euro for federal state authorities
 - 200,000 Euro for other public authorities and entities
 - 400,000 Euro for water, energy, transport and postal services sectors.
- In the interests of transparency, all calls for tender over the relevant thresholds must be published in the EU's Official Journal and are accessible free of charge via the Tenders Electronic Daily (TED) webpage.

Open procedure

- In an open procedure, any interested economic operator may submit a tender.

Restricted procedure

- In the case of restricted procedures, any economic operator may request to participate and only candidates invited to do so may submit a tender.

Negotiated procedure

- In a negotiated procedure, the contracting authority consults the economic operators of its choice and negotiates the terms of the contract with them.

Competitive dialogue

- A contracting authority may make use of the competitive dialogue for complex contracts if it is not able to define by itself the technical solutions to satisfy its needs or is not able to specify the legal and/or financial make-up of a project. Large infrastructure projects would seem to lend themselves to this type of dialogue.

Contract award criteria

- The criteria used by the contracting authorities in awarding their public contracts are:
 - either the lowest price only;
 - or, where the contract is awarded to the most economically advantageous tender, various criteria linked to the subject-matter of the contract in question (quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, etc.). The contracting authority should specify the relative weighting it gives to each of the criteria.

International rules

- The EU adheres to World Trade Organization (WTO) agreement on fair international competition for public contracts. This agreement, known as the **Agreement on Government Procurement (GPA)**, has 39 members including the 27 EU countries. The agreement bans discrimination in the awarding of public contracts and lays down procedural rules.

Green (Public) Procurement

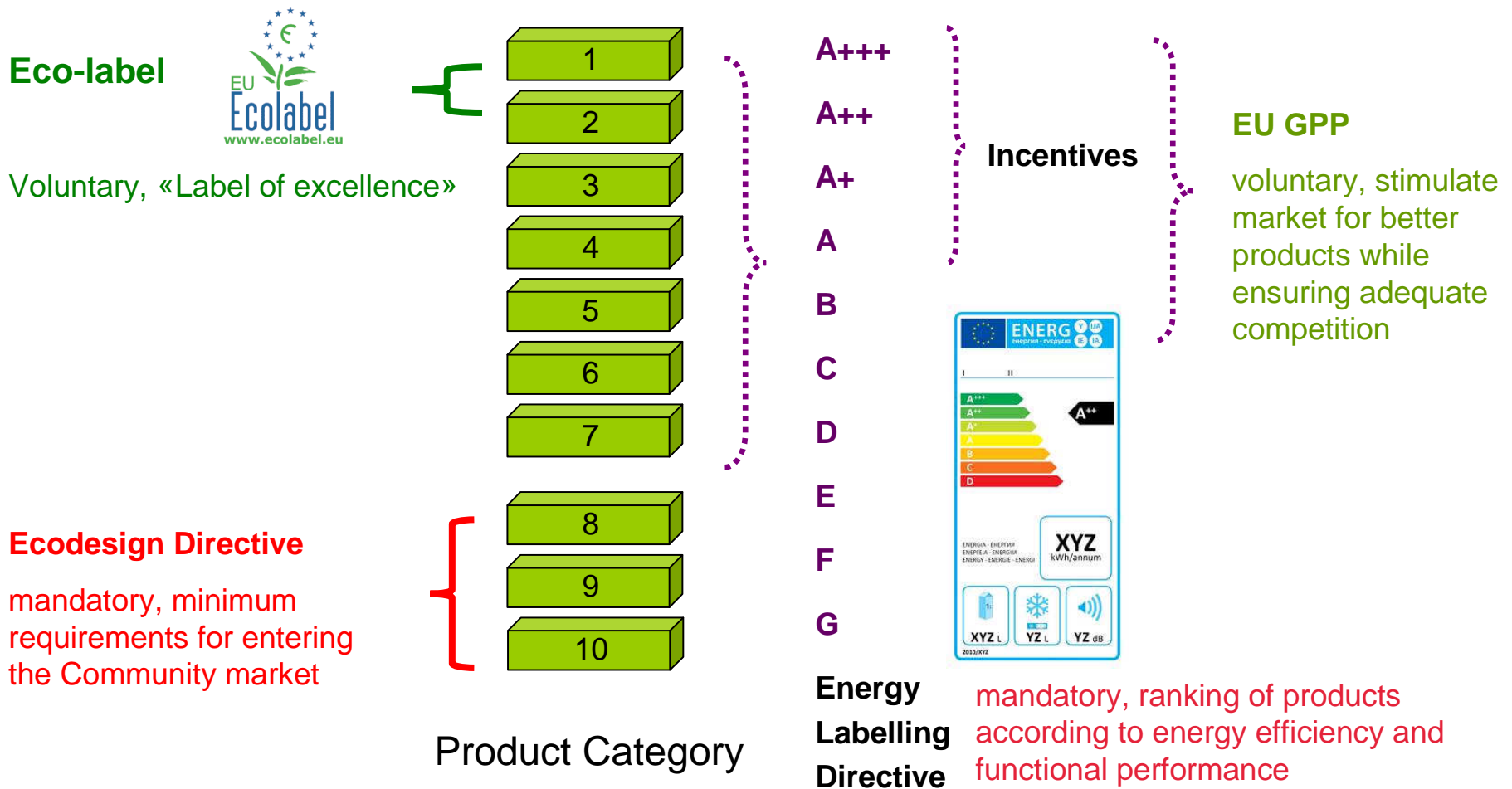
Green Public Procurement



- Green Public Procurement (GPP) is
"a process whereby 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."
- GPP is a voluntary instrument



Energy efficiency and EU legislation



Why GPP?



Public authorities spend approximately 2 trillion Euro annually, equivalent to about 19 % of the EU's gross domestic product.

Benefits of GPP application:

- Influences the market: foster the uptake of green products
- Uses energy efficiently
- Reduces CO₂ + other emissions
- Reduces hazardous substances
- Reduces the consumption of natural resources
- Saves money
- Makes Europe independent from energy imports



Why GPP?



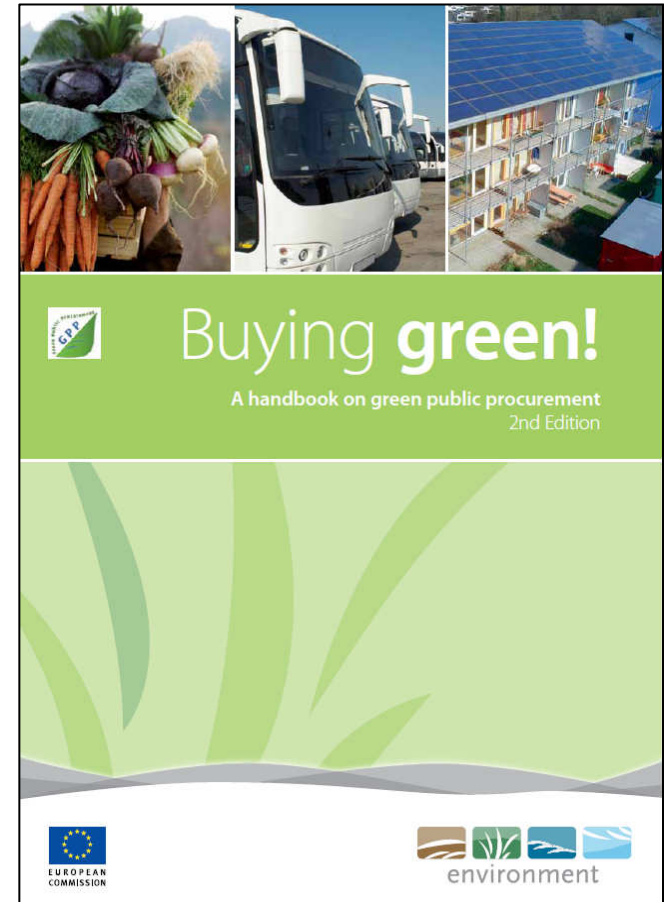
Improving the public image:

- implementing a policy of GPP is a very effective way to demonstrate your authority's commitment to sustainability as a whole
- through leading by example, public authorities can also encourage private sector companies and the general public to change their consumption habits

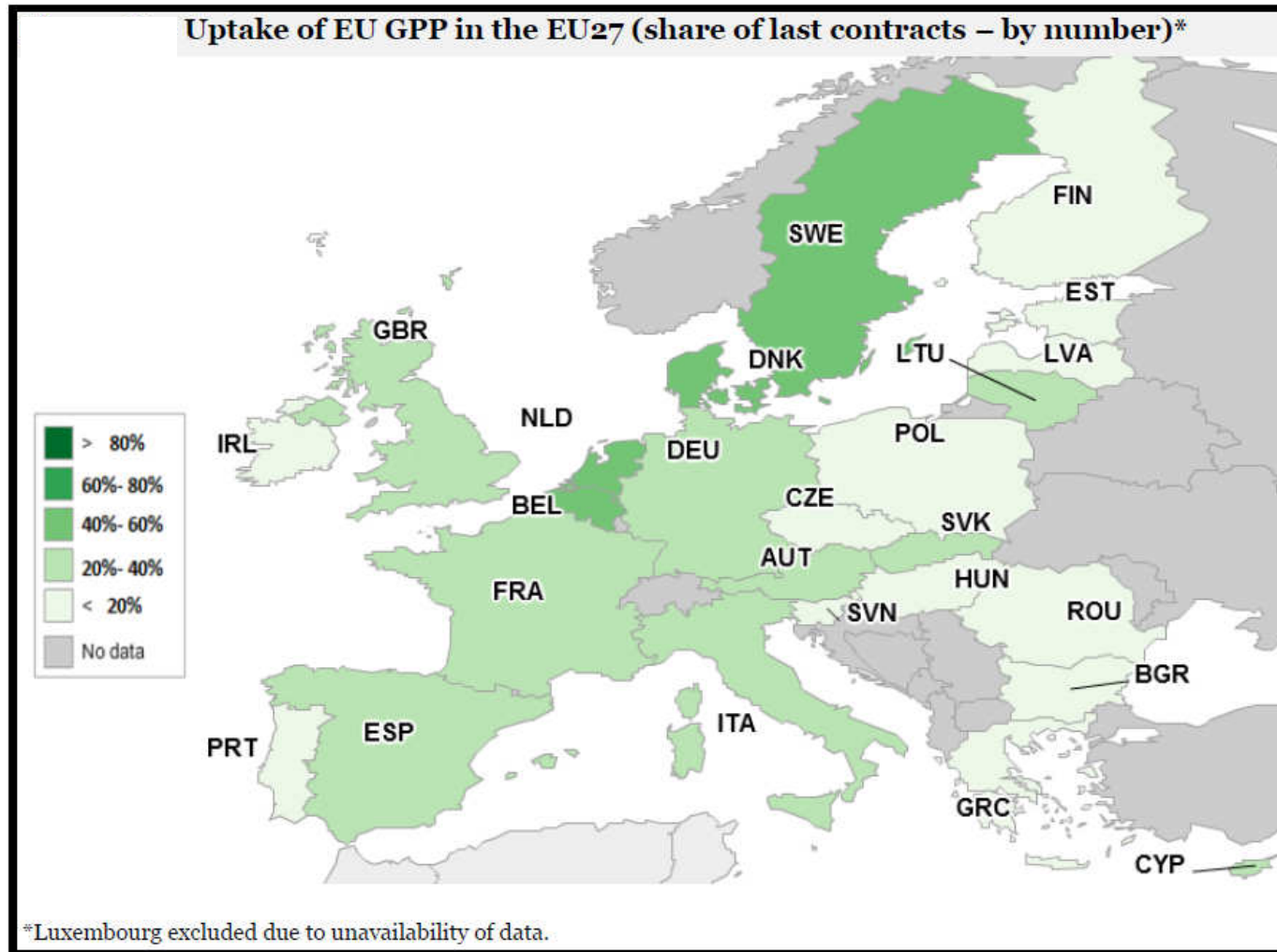
EU policies for GPP



- **2008 political target:** 50 % of tendering procedures to be “green” by 2010
- **Monitoring in 2012:** 50 % target not reached
- **Development of GPP criteria:** for 19 priority products / services in cooperation with Member States and stakeholders
- **Supporting tool:** “Buying green! Handbook” including
 - Implementation of GPP
 - Procurement process
 - Life Cycle Cost (LCC) approach
 - Key sectors: buildings, food products, electricity, timber



GPP in the European Union



Source: 2012, CEPS, The uptake of green public procurement in the EU 27

Barriers and Opportunities



Barriers

- Number of procurement departments in Europe (e.g. about 30.000 public procurement departments in Germany)
- No / few obligations
- No incentives / organisational barriers
- No monitoring
- Sometimes high initial investment
- Low awareness
- Lack of know-how / capacity
- Lack of information from manufactures
- Need of training for bidders

Opportunities

- Centralized procurement
- Legislative approaches (e.g. clean vehicle directive - 2009/33/EC)
- Monitoring (public procurement)
- Funding for high investments / financial schemes
- Communication, good practice examples
- Capacity building / national helpdesks with trainings, criteria, consultation, dissemination, networking
- Availability of training for bidders

Sector specific EU legislation



- Regulation No 106/2008: Energy Star Regulation (2008)
- Directive 2009/33/EC: Clean Vehicles Directive (2009)
- Directive 2010/30/EU: Energy Labelling Directive (2010)
- Directive 2010/31/EU: Energy Performance of Buildings Directive (2010)



Green Procurement step by step

Green Procurement procedure



- ✓ **Step 0:** Demand analysis
- ✓ **Step 1:** Define subject matter
- ✓ **Step 2:** Define specifications
- ✓ **Step 3:** Define award criteria (e.g. better functional performance, lower energy consumption, longer lifetime, life cycle cost, etc.)
- ✓ **Step 4:** Define contract performance clauses to be included in the contract

EU and national energy and environmental labels



The use of the criteria derived from mandatory or voluntary energy/environmental labels can influence manufacturers worldwide.



voluntary labels

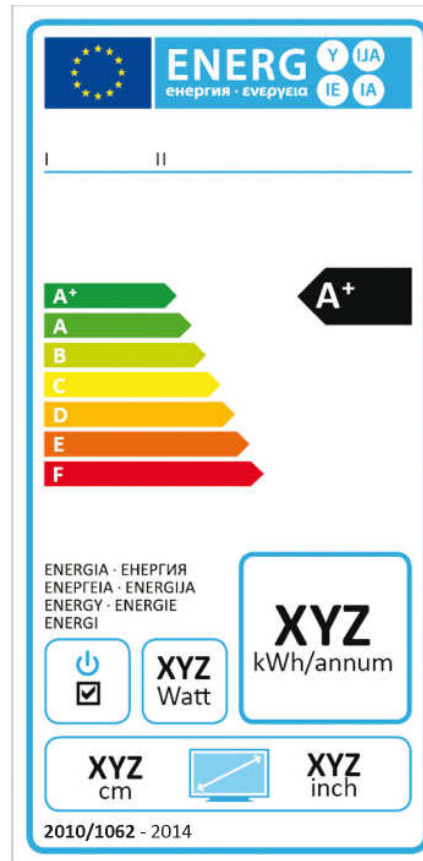
mandatory label

Example: Energy Label for TV

1 January 2012



1 January 2014



1 January 2017



1 January 2020



Use of voluntary labels



✓ Allowed: The use of the criteria of voluntary labels

✗ Not allowed: asking for a labelled product (Judgement of the European

court of Justice in case C-368/10, European Commission vs. Kingdom of

the Netherlands of 10 May 2012)

GPP Toolkit criteria



GPP Toolkit (http://ec.europa.eu/environment/gpp/first_set_en.htm) includes criteria for:

- Copying and graphic paper
- Cleaning products and services
- Office IT equipment
- Construction
- Transport
- Furniture
- Electricity
- Food and Catering services
- Textiles
- Gardening products and services
- Windows, Glazed Doors and Skylights
- Thermal insulation
- Hard floor-coverings
- Wall Panels
- Combined Heat and Power (CHP)
- Road construction and traffic signs
- Street lighting and traffic signals
- Mobile phones
- Indoor lighting

Life Cycle Cost

Green Procurement Approach

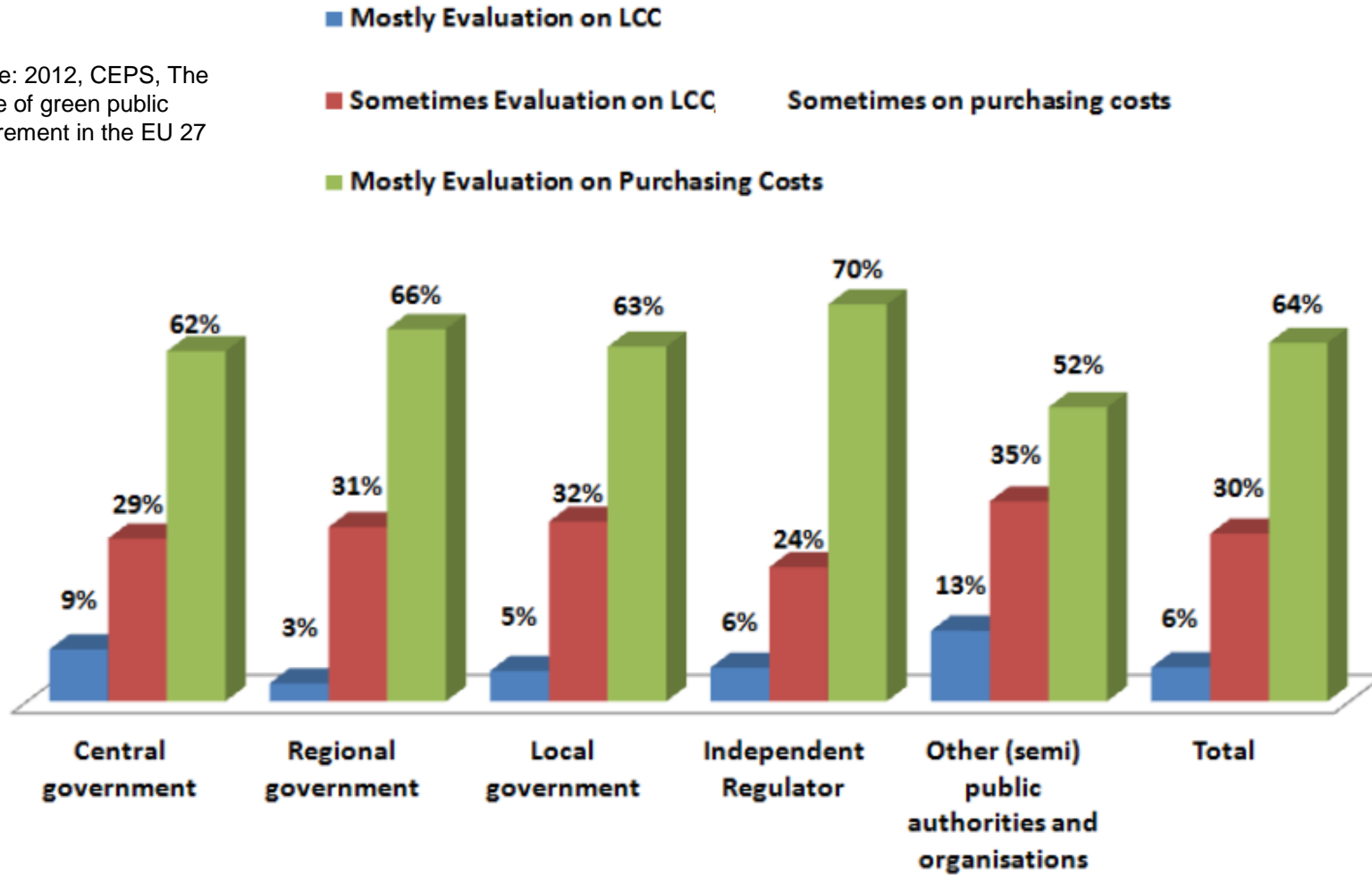


Life Cycle Costs (LCC): purchasing, running and disposal costs

Not: Life Cycle Assessment: Environmental impact of whole production and product lifetime

Use of LCC


Source: 2012, CEPS, The uptake of green public procurement in the EU 27



LCC calculation tool

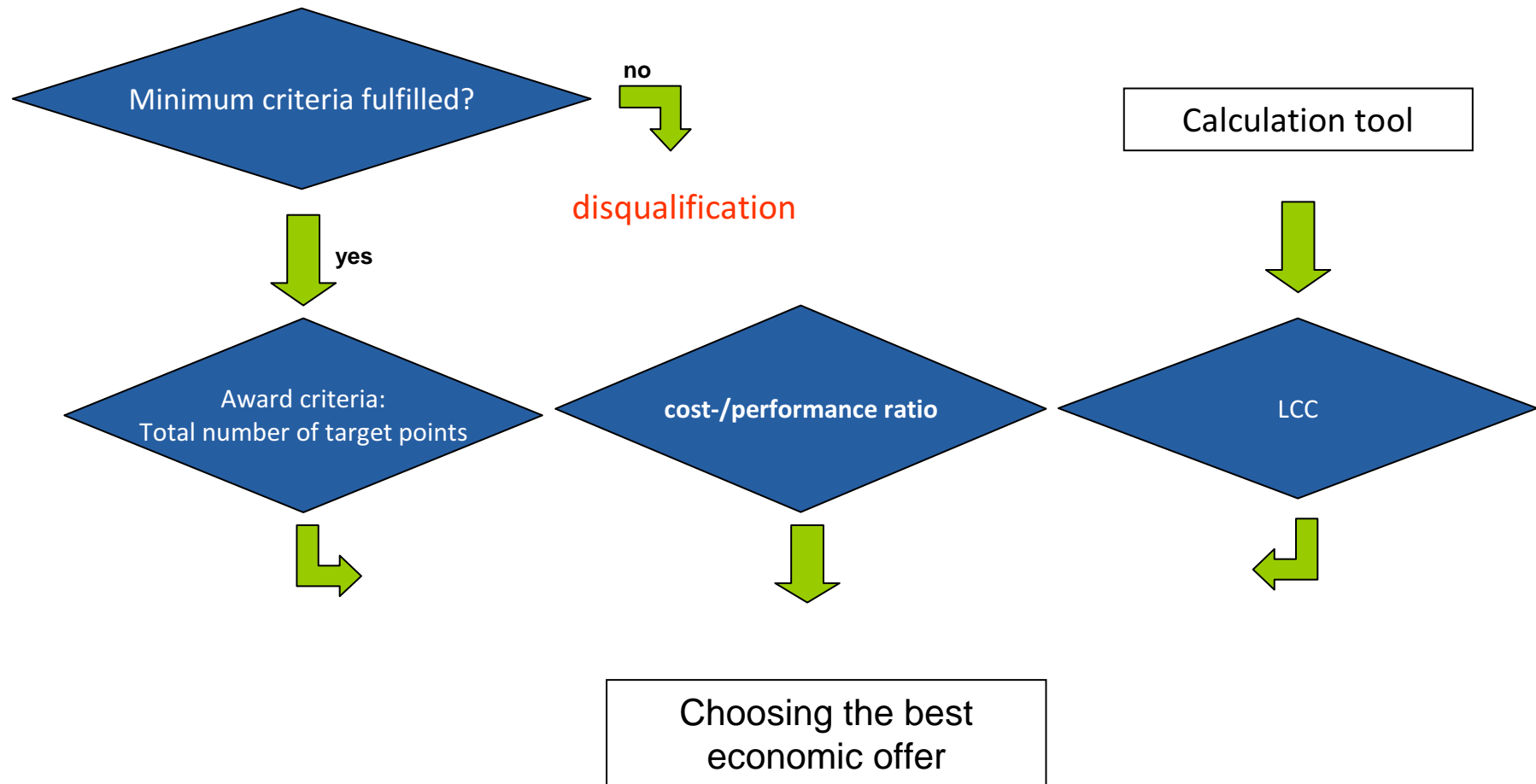


Calculation tool for life cycle costs



	Offer N° 1	Offer N° 2	Offer N° 3	Offer N° 4	Offer N° 5	Offer N° 6
Manufacturer Name						
Device Type						
Price						
Purchase price per product [Euro/product]	0,00 €	0,00 €	500,00 €	0,00 €	0,00 €	0,00 €
Use time						
Lifetime [years]	9 a	9 a	9 a	9 a	9 a	9 a
Average usage time per year [hours/year]	5 h/a	5 h/a	5 h/a	5 h/a	5 h/a	5 h/a
Total usage time [hours]	45 h	45 h	45 h	45 h	45 h	45 h
Electricity costs						
Price of electricity [Euro/kWh]	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €
Electricity Consumption [Watt]	0 W	0 W	300 W	0 W	0 W	0 W
Energy price increase per year [%]	2%	2%	2%	2%	2%	2%
Electricity consumption per year [kWh/year]	0,0 kWh/a	0,0 kWh/a	1,5 kWh/a	0,0 kWh/a	0,0 kWh/a	0,0 kWh/a
Total electricity costs	0,00 €	0,00 €	292,64 €	0,00 €	0,00 €	0,00 €
Discounting [%]						
Discount rate [%]	4,00%	4 %	4 %	4 %	4 %	4 %
Total life cycle costs	0,00 €	0,00 €	750,14 €	0,00 €	0,00 €	0,00 €

GP procedure flow chart



Implementing GPP

Preparatory steps



Define the scope of the activity

- ▶ Should the activity cover the whole authority or just one department?
- ▶ Should it focus on many product/service groups or start with just a few?
- ▶ For a less experienced authority it is advisable to keep the scope initially small, and systematically widen it.



Political support

- ▶ Having the necessary political support for the implementation of GPP is critical to success.
- ▶ The existence of a written GPP policy provides a useful basis on which to build a coherent, well co-ordinated approach.

Source: GPP Toolkit

Preparatory steps

Creating a working group

- ▶ A management system does not run itself! A first step should be the establishment of a cross-departmental Working Group.
- ▶ Depending on the scope of the activities to be covered this group should involve representatives from all relevant departments, e.g. purchasing, environmental, legal, financial, training and communications officers.



Source: GPP Toolkit

GPP Management Model



Source: GPP Toolkit

Selecting product/service groups - factors to consider:

► Political priorities:

- Are there particular local environmental priorities, such as urban air quality, energy/water consumption, or waste generation?
- Do certain product/service groups have a high political sensitivity which would hinder GPP activities, e.g. a polluting local industry?
- What commitment levels can be expected from the departments involved?
- Which product/service groups offer the highest visibility to the public? E.g. low emission buses, publications on recycled paper

Source: GPP Toolkit

Selecting product/service groups - factors to consider:

► Practical considerations:

- Are there any important contracts up for renewal, or are there long-running contracts existing for certain product/service groups?
- What time and financial resources are available for implementation?
- Are there any particular product/service groups where there is already some environmental expertise?

Source: GPP Toolkit

Selecting product/service groups - factors to consider:

► Making it easy:

- Products will likely be easier to start with than services.
- Start with a product where environmental criteria will be straightforward - e.g. IT equipment, paper, food.
- Think about products demonstrating the highest potential savings over the life-cycle (typically energy consuming products), or with relatively small levels of spending (such as paper or cleaning products).

Source: GPP Toolkit

Purchasing activity targets

The proportion of tenders which lead to a green outcome (i.e. where green products/services were actually purchased), either:

- ▶ **1.A. By number** – i.e. of the total tenders published for that product group, how many lead to a green outcome
Example: *X % of contracts for cleaning materials will lead to the purchase of green products by 2014*
- ▶ **1.B. By value** – the value of contracts given for green products/services, as a proportion of the total spending on the product/service group
Example: *X % of total expenditure on cleaning materials will be utilised for the purchase of green products by 2014*

Source: GPP Toolkit

Good Practice Examples

<http://www.buy-smart.info/good-practice-examples/good-practice-examples3>

http://ec.europa.eu/environment/gpp/case_en.htm

Good Practice Examples



Federal Association of Energy and Climate Protection Agencies in Germany



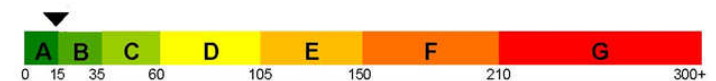
- Procurement of about 239,000 energy-saving light bulbs for the campaign energy-efficiency check.
- The average electricity savings per energy-saving lamp is 35.23 kWh / a. The total savings for the lifetime of the lamps are calculated as follows:
- $239,000 \text{ lamps} \times 35.23 \text{ kWh/a} \times 7 \text{ years lifetime} \times \text{correction factor } 0.96 = 56,582.20 \text{ MWh}$ electricity savings over the life of the lamps.
- Calculated with $0.596 \text{ kg CO}_2 / \text{kWh}$, there are resulting long-term CO_2 savings of 33,723 tonnes of CO_2 over the life of the lamps.
- A total of nine manufacturers and retailers have made an offer, three providers were awarded with a contract for the lamps.

Good Practice Examples

National Housing Fund of Slovenia

– plans for construction of new blocks of flats

- Investor was impressed with a different approach through the use of green criteria.
- Presented measurements are based on the most representable case of these blocks of flats:



- Heat demand reduction: 151,000 kWh/year
- CO₂-reduction: 50.1 tons/year
- Cost-savings: 10,500 €/year (estimated)

Good Practice Examples

In a central Frankfurt am Main street 54 % of NOx emissions were generated by buses - only 4 % of the total traffic volume. The local authority now tenders for buses with very low emissions and this has had a major impact on improving the local atmosphere.



The Buy Smart+ Project



Project Summary



Buy Smart+ offers:

- 15 green procurement helpdesks providing assistance, know-how and tools in national language
- Dedicated trainings in collaboration with national networks for the private and public sector
- Twinning approach for effective transfer of know-how to newer Member States
- Assistance to develop green procurement pilot projects; addressing of innovative technologies in experienced countries
- Monitoring of the green procurement experiences;
- Policy recommendations for the NEEAPs updates in June 2014
- Participation of 18 partners from 15 European countries

The Buy Smart+ project elements



Target groups:

- ✓ Public and private purchasers
- ✓ Environmental officers
- ✓ Consultants



Modules:

- ✓ Office Equipment / IT
- ✓ Household Appliances
- ✓ Lighting
- ✓ Green Electricity
- ✓ Vehicles
- ✓ Building Components

The Buy Smart+ project elements



- Guidelines
- Calculation Tools
- Purchasing Policies
- Good Practice Examples
- Information about Labels
- Newsletter
- Consultation & Trainings



A screenshot of the Buy Smart+ website homepage. The page has a green and white color scheme. At the top, there is a navigation menu with links for Home, Green Procurement, News, About Labels, Good Practice, Project, Downloads, Links, and Contact. A search bar is located on the right side of the menu. Below the menu, there is a "Home" link and a large banner image showing a group of people. The banner text reads "Buy Smart+ started in March" and "The project Buy Smart+ started in March 2012." Below the banner, there are several sections: "Partner Countries" with a list of countries (Austria, Bulgaria, Croatia, Cyprus, Czech Republic, France, Germany, Greece, Hungary, Italy, Latvia), "Welcome to the Website of the Buy Smart+ Project" with a paragraph about the project and a "more" link, "News" with a date (2012-05-04) and a headline "New Indian procurement bill integrates socio-economic policies", "Events" with a date (2012-04-18) and a headline "Final Conference PrimeEnergyIT - Energy and cost efficiency in data centres - New trends, strategies", "Newsletter" with a "Subscribe" button, "Downloads" with a "Get to download area" link, and "Login" with an "E-mail Address" input field.

Sources of information



- EU: GPP Toolkit

http://ec.europa.eu/environment/gpp/first_set_en.htm

- Ecolabel

http://ec.europa.eu/environment/ecolabel/index_en.htm

- Blue Angel

www.blauer-engel.de/

- Buy Smart

www.buy-smart.info

Contact



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|----|-------------|----------------|
| 1 | BEA | Germany |
| 2 | BSU | Germany |
| 3 | CA | Germany |
| 4 | CEA | Cyprus |
| 5 | CONSIP | Italy |
| 6 | Ekodoma | Latvia |
| 7 | ENEA | Italy |
| 8 | Energiaklub | Hungary |
| 9 | ESS | Sweden |
| 10 | ESV | Austria |
| 11 | Icemenerg | Romania |
| 12 | KREA | Lithuania |
| 13 | RAEE | France |
| 14 | REACM | Greece |
| 15 | REGEA | Croatia |
| 16 | SEC | Bulgaria |
| 17 | SEVEn | Czech Republic |
| 18 | ZRMK | Slovenia |