

Systematically including environmental criteria in all public procurement

In a nutshell

SUMMARY

It is best practice to introduce environmental criteria for the procurement of products (goods, services and works) and to consider most economical, in the tender criteria, the life-cycle cost of a product or service and not only the initial investment for its purchase.

Environmental criteria can be introduced in the technical specifications, selection criteria, award criteria and contract performance clauses of any tender where a relevant potential environmental impact is expected.

Public administrations needing guidance on the formulation of the environmental criteria can:

- introduce the EU Green Public Procurement (EU GPP) comprehensive criteria, when available for the specific product, in the technical specifications, selection criteria, award criteria and contract performance clauses;
- where no EU GPP recommendations exist, refer to the EU Ecolabel, when available for the specific product by using the EU Ecolabel criteria in public procurement ;
- introduce as an award criterion in public tenders for the procurement of goods, services and works the EMAS registration of the suppliers, providing additional points in the evaluation process of the bids provided that the implementation of an environmental management system is relevant with regards to the substance matter of the contract. In sectors or areas where there is a low number of EMAS registered organisations among the market players and this could restrict the number of bids, reference can be extended to environmental management systems based on international standard (i.e. ISO 14001). However public administrations can reward the higher credibility and reliability of EMAS by providing more point to EMAS registered organisations than to organisations with other environmental management systems that do not present the same guarantees.

Target group

All public administrations.

Applicability

This best practice is applicable to all public administrations.

Environmental performance indicators

- Percentage of tenders including environmental criteria out of the total number of tenders, disaggregated by product category (%)

Benchmarks of excellence

100 % of tenders include environmental criteria that require at least the level of performance set in the EU GPP criteria, for products where EU GPP criteria are available (e.g. office paper, cleaning agents, furniture)

Description

Public administrations can introduce environmental criteria for their procurement of products and services. This has the benefit of reducing the environmental impact of the public authority but also to influence, increase the awareness and provide example to citizens. Environmental criteria can be introduced in the technical specifications of any tender and when evaluating the proposals received, the public administration can consider as a criteria the life-cycle cost of the product or service and not the initial investment for its purchase. Despite the perception that green products are more expensive, research has found little difference in the life-cycle costs of green versus non-green products (Rüdenauer et al., 2007).

A public administration which plans to introduce environmental criteria in procurement can find useful information referencing to the EU Green Public Procurement (GPP)[\[1\]](#). Environmental criteria for a broad range of products are available and regularly updated. The Commission has identified ten "priority" sectors for GPP. These have been selected on the basis of the importance of the relevant sector in terms of the scope for environmental improvement; public expenditure; potential impact on the supply side; example setting for private or corporate consumers; political sensitivity; existence of relevant and easy-to-use criteria; market availability and economic efficiency.

The priority sectors are:

1. Construction (covering raw materials, such as wood, aluminum, steel, concrete, glass as well as construction products, such as windows, wall and floor coverings, heating and cooling equipment, operational and end-of-life aspects of buildings, maintenance services, on-site performance of works contracts)
2. Food and catering services
3. Transport and transport services
4. Energy (including electricity, heating and cooling coming from renewable energy sources)
5. Office machinery and computers
6. Clothing, uniforms and other textiles
7. Paper and printing services
8. Furniture
9. Cleaning products and services
10. Equipment used in the health sector

The environmental criteria developed within the EU GPP can be used by public administrations for the tendering processes without investing relevant time and resources. Where no EU GPP recommendations exist for the type of product/service, public administration can refer to the EU Ecolabel, when available, by using the EU Ecolabel criteria in public procurement.

Finally, public administrations can introduce as an award criterion in public tenders for the procurement of goods, services and works the EMAS registration of the suppliers, providing additional points in the evaluation process of the bids provided that the implementation of an environmental management system is relevant with regards to the substance matter of the contract. In sectors or areas where there is a low number of EMAS registered organisations among the market players and this could restrict the number of bids, reference can be extended to environmental management systems based on international standard (i.e. ISO 14001). However public administrations can reward the higher credibility and reliability of EMAS by providing more point to EMAS registered organisations than to organisations with other environmental management systems that do not present the same guarantees.

How to implement GPP in public administrations

The introduction of GPP may require, especially at the beginning and depending on the size and structure of the public administration, considerable investment of time and resource from the staff. In order for a GPP policy to be successfully implemented, it is very important to define what the main objectives of the policy are (which sectors, departments, products, services should be addressed and why) and also to seek for a link with possible complementary policies (e.g. a policy fostering innovation). A GPP policy consists of a clear policy statement and of an operational implementation plan (action plan). The high level policy statement provides the commitment framework for GPP implementation, outlining the

key goals and targets which the authority aims to meet, and against which progress can be evaluated. The operational plan, instead, should provide an in-depth description of how the goals of the policy will be met in practice (European Commission, 2008).

A suitable well-structured GPP action plan should contain the following operational elements:

- Include clear targets, priorities and timeframes: The introduction of a GPP action plan can begin with pilot projects focusing on certain departments, products or service groups. This can help verify internal capacity and testing providing companies and eventually may facilitate the public administration towards the formulation and implementation of the GPP action plan.
- The choice of priority intervention areas should primarily be implemented based on potential environmental impacts, budgetary considerations and market influence potential. Targets are set with the aim of assessing progress and of communicating both within and outside of the organisation. Targets can cover overall procurement (for example the percentage of tenders or tender values that include GPP criteria), be specific to products or services or be operational (for example providing GPP training and/or information). For inexperienced authorities it is recommended to begin with products or services, which are easy to understand and whose environmental impact is easy to assess.
- Indicate the scope of the purchasing activities covered.
- Indicate overall responsibilities for implementing the policy.
- Include a mechanism for appropriately monitoring performance against targets, which should ideally include information on the environmental impact of procurement decisions.
- Acting fairly, i.e. applying internal market principles[2].

The aforementioned elements are required for the formulation of an operational GPP action plan, but the whole methodology and the logic sequence are summarised below (Table 1 summarises the logic sequence of the presented methodology).

Local public administrations can follow an appropriate process for the implementation of GPP operational action plans (Procura+, 2007). This methodology is based on 5 principles (summarised in Table 1): i. preparation, ii. target setting, iii. develop action plan, iv. implement action plan and v. monitoring progress and report results. In the following paragraphs each of the aforementioned steps are further explained (Procura+, 2007).

Table 1: Operational plan of a GPP (Procura+, 2007)

Stages	What to do	How to do	Comments
Preparation	<ul style="list-style-type: none"> • Carry out an inventory: • covering the whole authority or just certain departments? • which product/service groups to focus on 	<ul style="list-style-type: none"> • Inventory, including procurement table/scoreboard • Defined scope for the activity 	<ul style="list-style-type: none"> • Select a range of possible product/service groups and departments to involve • Carry out inventory for this range of product/services groups • Select which of the product/services groups to be covered and departments to involve

Stages	What to do	How to do	Comments
Target setting	<ul style="list-style-type: none"> • Set targets tailored to the specific interests and capacities of the examined authority through: • Market research, external advice from experts/stakeholders and considering organizational factors. 	<ul style="list-style-type: none"> • Prepare the targets 	<ul style="list-style-type: none"> • Any number of products/services groups can be included and a single authority can be covered
Development	<ul style="list-style-type: none"> • Plan activities and assigning responsibilities 		<ul style="list-style-type: none"> • Actions that must be included: • tendering • training • internal communication
Implementation	<ul style="list-style-type: none"> • Implement the actions described in the plan 	<ul style="list-style-type: none"> • Procurement of more sustainable products/services 	
Monitoring progress and reporting results	<ul style="list-style-type: none"> • Asses and report on achievements • Review the targets 	<ul style="list-style-type: none"> • Procurement table/scoreboard • Internal review 	

Preparation

It is very important to carry out a preliminary research (inventory) in order to identify the actions that have to be taken and also to clearly define which parts of the organisation(s) will be covered and eventually which product/service groups or works will be addressed. The selection of the products/services groups and departments is taken based on the level of the skills and resources available for procurement implementation, the local environmental priorities, the budgetary importance of certain products/service groups and the commitment levels of different departments within the authority. Regarding the inventory process, it is important to carry out a survey of the organisation arrangements for the procurement activities covered (whether centralised/decentralised, which people and departments etc.).

Some more practical information about the selection of the product/services groups are listed below (Procura⁺, 2007):

- Products will likely be easier to start with than services, as environmental/social demands are more easily integrated into tendering;
- Start with a product where environmental/social criteria will be most straightforward – e.g. IT equipment, paper, cleaning products, food;
- Think about products demonstrating the highest financial savings over the lifecycle (typically energy-consuming products), or with relatively small levels of spending (such as paper or cleaning products);

- Consider products where environmental labels are already available – e.g. EU Ecolabel

Setting targets

The clear and well-structured targets and objectives may result in attracting funds and/or political support for the implementation of the GPP action plan. The targets can be set by market research (what is available on the market and at what cost) and by getting advice from stakeholders and experts. In general, there should be some short or long-term targets depending on the size of the procurements and on the scheduled projects (Procura⁺, 2007).

Development

At this stage all the recommended actions and measures to be taken and how the targets are achieved are described. Ideally, the GPP action plan should contain the political commitment made by the public administration preparing the plan, including the targets set, a description of the assigned responsibilities, a description of the implemented measures and procedures, a number of relevant progress indicators and a sound timeframe (Procura⁺, 2007). The actions in the plan should be carefully described in order for each target set to be met. On top of that, other actions like training and communication must also be incorporated to the plan.

An important factor that influences the success of the GPP action plan is the staff training. Therefore it is important to ensure that the responsible staff carrying out specific tasks already has the appropriate skills or needs a special targeted training (Procura⁺, 2007).

Regarding the tendering process, the environmental criteria introduced should be identified properly by, for instance, market research of the available options. Therefore, these environmental criteria can be incorporated into actual tender documents and then the opportunities for joint procurement inside the organisation must be identified. The joint procurement opportunities may result in cost and administrative resources savings (Procura⁺, 2007). The last important step is the publication and evaluation of the received bids followed by signature and management of the contracts. Setting up a procurement contract implies several steps, which are presented below (European Union, 2011):

- *Defining the subject matter of the contract*, most often to obtain a description of the product, service or work. Carrying out a needs assessment is also crucial to the definition process, sometimes enabling avoiding the purchase.
- *Setting up measurable technical specifications* within the contract. Technical specifications can refer to existing environmental criteria (for example the EU Ecolabel) and can be formulated in terms of environmental performance levels of a material, product, supply or service.
- *Specifying materials and production methods* within a tender is possible as long as this fits into the legal framework surrounding procurement. For example, a tender can specify a type of material to be used, or a certain percentage of recycled material, or the exclusion of certain hazardous substances. In order to comply with the non-discrimination principles, it is in this case important to refer to existing legislation (for example the RoHS Directive for hazardous substances) or EU ecolabels and GPP criteria. Tenders can also specify production methods while again bearing free competition rules in mind.
- *Using variants* allows tenderers to submit alternative proposals that meet the same minimum requirements that have been set in the tender. The evaluation of the tender bids is done against the same criteria for all submitted bids.
- *Using already available eco-labels and GPP criteria in technical specifications.*
- *Verifying compliance*: the evidence that will be required to determine compliance should be laid out in the tender documentation. Compliance verification can often be complex and require technical expertise, but there are other ways to do so without it, for example by obtaining evidence of compliance with mandatory EU legislation (such as the RoHS Directive), by relying on eco-labelling as evidence, or by checking environmental product declarations to check compliance with specifications.

Implementation

During this stage it is assessed the share of procured sustainable products/services. In light of that, staff is trained properly in order to improve the results achieved. At the same time, the public administration can inform citizens and suppliers about the results of GPP (Procura⁺, 2007).

Monitoring progress and reporting results

Setting milestones during the elaboration of the GPP action plan helps public administration to assess whether the targets previously defined have been achieved, any problem faced is identified and solutions developed. Table 2 below shows an estimated evaluation for the milestones for each of the aforementioned stages (Procura+, 2007):

Table 2. Milestones of a GPP action plan (Procura+, 2007)

Stages	Milestones (months)
Preparation	4-8
Setting targets	1-6
Development	12-24
implementation	3-6
Monitoring	4-8

In order to monitor efficiently the GPP action plan, public administrations can establish a dedicated working group involving representatives from different departments and ensure that they have the necessary cross-cutting competences to draft a strategy, including (European Union, 2011):

- Project management skills: to manage the staff, work flow and budget;
- Technical skills: in order to effectively assess new technologies, precisely identify needs and interact with the market (a simple market research to be informed about upcoming products is a start);
- Legal skills: to ensure market engagement activities and tendering procedures are legally compliant.

If the above mentioned competencies are not found in-house, public administrations can seek for external assistance and thus other tools can be used such as (Smart SPP Consortium, 2011):

- Government Agencies: Certain Agencies may exist to provide support relating to innovation or energy efficiency.
- Sectoral technological centres, professional associations and other public administration organisations.
- Research institutes and consultancy services.
- National/international networks which can provide expertise.
- Procurement agencies: it can be an option to contract out the whole, or part of the action to a procurement agency operating on behalf of the public administration.

Reporting and communication of results achieved plays an important role among staff and citizens in order to raise their awareness.

[1] http://ec.europa.eu/environment/gpp/index_en.htm

[2] The market principles are: i. efficiency, ii. equal treatment, iii. transparency and iv. genuine competition (European Parliament).

Environmental benefits

The implementation of this BEMP is associated with significant environmental benefits, depending on the products and service purchased and the environmental criteria used. Therefore, the environmental benefits achieved vary considerably, e.g. from reduced emissions to air and water, to reduced waste generation.

Side effects

There are no cross media effects from the implementation of this best practice.

Applicability

This best practice is applicable to all public administrations.

Economics

Often, the perception is that applying higher environmental standards will lead to important cost increases. Research has found little difference in the life-cycle costs of green versus non-green products (Rüdenauer et al., 2007).

Driving forces for implementation

In addition to the environmental benefits listed previously, the following points are also drivers for the implementation of GPP within public administrations (European Union, 2011):

- GPP as a driver of innovation: Procurement programmes, particularly large ones set by big cities or groupings of smaller ones, can push for sustainable innovation in service delivery or product manufacturing by setting high standards, “providing industry with real incentives for developing green products and services – particularly in sectors where public purchasers represent a large share of the market (e.g. construction, health services, or public transport).” For example, public bodies such as Transport for London or the London Metropolitan police have invested in electric vehicles for their own use as a way to stimulate the uptake of electric vehicles throughout the capital.
- GPP as a cost-reduction tool: “GPP may also provide financial savings for public authorities – especially if you consider the full life-cycle costs of a contract and not just the purchase price. Purchasing low-energy or water saving products for example, can help to significantly reduce utility bills. Reducing hazardous substances in products can cut disposal costs.”
- GPP as a way to boost confidence in public administrations: Having a green procurement policy can create a positive, environmentally-friendly and open reputation for an organisation, and lead to improved relations with businesses, civil society and citizens.
- GPP as a means for improving working conditions: Many of the criteria and requirements of GPP contain provisions that directly or indirectly improve the health and working conditions of public sector employees.

Reference organisations

- ICLEI – Local governments for sustainability is a website where more information about GPP can be found and list of experienced municipalities: <http://www.iclei.org/>

- Procura⁺ provides information about the implementation of GPP policies as well as examples of cities, which have already implemented them: <http://www.procuraplus.org/>
- European Commission have developed GPP criteria; more information can be found: http://ec.europa.eu/environment/gpp/toolkit_en.htm

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