

Green ProcA

Green Public Procurement in Action



2016

Guide for public decision-makers on the implementation of a GPP policy



GUIDE

Procurement and
Climate Protection
for Policy-makers

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1. Introduction

This guideline aims at providing instructions to the policy-makers on how to deal with green public procurement (GPP) in order to maximize the efficiency of GPP policies through an effective management approach by the contracting authorities. A good starting point to familiarize with the GPP topics is presented by the EU Commission's GPP Training Toolkit that can be found [here](#).

The policy-makers represent the addressees of these guidelines and, therefore, the emphasis is on the issues related to the political cycle. In other words, the challenge to maintain a long lasting coherent and systematic GPP management throughout changing political conditions is tackled in a dedicated way. The politicians derive a concrete incentive by pursuing a serious and engaged GPP policy only if this is hampered to social and electoral consensus. The social support is ensured by the sensitivity of citizens that give a weight to the environmental policies and provide a compensation in electoral terms to the policy-makers. However, this kind of sensitivity is not innate in the public opinion and indeed must be gradually nurtured. This sensitization activity might seem marginal but it is actually a prominent element of any forward-looking GPP policy.

Over the last few years the financial constraints imposed to the local public administrations by the Fiscal Compact agreement reduced their operability. The main and most obvious consequence is the budget cut in the investment in renewable energies and other activities to enhance efficiency. Nevertheless, public authorities can decide to take advantage from the savings deriving from the efficiency actions and delegate to third parties the burden to make the relevant investments in exchange for a share of the savings itself.

Procurement has the ideal position in public organisations and private companies to fulfil a pivotal role between suppliers and buyers, when considering suppliers as sources of innovation. Public authorities spend approximately two trillion Euros annually, the equivalent of around 19 % of the EU's gross domestic product. Regular demand for eco-efficient products would motivate suppliers to offer more products and services that comply with modern quality and environmental requirements. For companies, innovation-driven procurement will become one of the key competences to keep the pace of innovation sufficiently high in the ever faster changing world. Therefore, it is clear that policy-makers play a crucial role in guiding the market towards a future of environmental sustainability.

Moreover, green procurement helps to solve environmental issues by reducing toxic and greenhouse gas emissions. By choosing green products and services, less hazardous substances are released and natural resources are preserved. A reduction in the environmental impact generally leads to less damage to human health. Procurement is also a powerful instrument that public authorities and companies can use to reduce their CO₂ emissions and advance their climate change objective.

Despite the fact that more expenses are supported in the early procuring stages, environmentally friendly products generally turn out to be less expensive in the long term. This intertemporal considerations are further explained in the rest of this guideline with reference to the life cycle cost approach.

2. Green Public Procurement

Green Public Procurement (GPP) is defined by the European Union as "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."

On the other hand, the definition adopted by the Task Force on Sustainable Public Procurement led by Switzerland¹ defines sustainable procurement as "a process whereby organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment."

The 20-20-20 EU Energy Policy set the targets to reach 20 % reduction of CO₂-emissions, 20 % reduction of energy consumption, and an increase of renewables in the energy mix with 20 % until 2020. The energy efficiency target is the only non-binding target at EU level and also the one which is unlikely to be achieved by 2020. The latest estimations show that at the current pace of implementation only half of the target will be reached. In order to achieve the energy efficiency target the energy service directive 2006/32/EC has been set into force with the prescription for public purchasers to procure energy efficient products and services (Art. 5).

Since then, the European Commission has started several initiatives on GPP. In the year 2008 the goal of 50 % green procurement for the year 2010 has been set in a communication on GPP, the GPP toolkit has been published and several legislative requirements have been set up:

- 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)
- Directive 27/2012 on Energy Efficiency: The new Directive entered into force on 4 December 2012. Most of its provisions have been implemented by the Member States by June 2014.

Also the Europe 2020 strategy has identified public procurement as one of the key means for attaining smart, sustainable and inclusive growth. In October 2011 the EU Commission published the Buying Green Handbook that provides an introduction to GPP.

¹ The members are: Switzerland, USA, UK, Norway, Philippines, Argentina, Ghana, Mexico, China, Czech Republic, State of Sao Paulo (Brazil), UNEP, IISD, International Labor Organization (ILO), European Commission (DG-Environment) and International Council for Local Environmental Initiatives (ICLEI) and adopted in the context of the Marrakech Process on Sustainable Production and consumption led by UNEP and UN DESA.

3. Main areas of intervention of GPP policies at local level

Some areas are considered prominent target for GPP policies due to their importance in terms of energy consumption and environmental impact and to the viability and implementability of the required actions.

Buildings represent a sector of major concern for GPP actions since the global contribution from buildings towards energy consumption, both residential and commercial, has steadily increased reaching figures between 20% and 40% in most developed countries thus exceeding industry and transportation. It is straightforward that the building sector plays an important role in the energy consumption reduction targets of GPP and it represents a field of future intervention to limit the energy waste both in public and private buildings.

Nowadays the equipment of the building-plant systems and their appliances became a very significant item of the energy balance the provided facilities have become more and more performing but sometimes at the expense of energy efficiency. Therefore, choosing energy efficient equipment is a long-standing practice to find a balance between comfort, performance and energy savings.

Public authorities can act on local public lighting, transportation and locally produced renewable energy. In other words, they can reduce the emissions generated by obsolete lighting systems, the lack of adequate measures to limit traffic in the city centres, polluting municipal fleet and the preference for energy produced from fossil fuels.

Other areas of intervention for local policy makers are: waste disposal and more sustainable policies to procure catering, gardening and cleaning services. Moreover, clean purchases can be done when procuring copy paper and imaging equipment and furniture and textile.

Buildings

- Purchasing or renting buildings that are efficient from an energetic point of view
- Inclusion of selection criteria for architects and engineers on experience in sustainable building design
- For new public buildings (schools, administration), special requirements for modern solutions to use natural light indoors as well as warm water preparation with solar panels
- Increase in pilot projects related to passive houses
- Introduction of energy efficient criteria when retrofitting heating systems, improving isolation materials, etc.
- Improve lighting in buildings and procurement of energy-efficient lamps

Equipment of building-plant systems

- Purchase energy-saving office equipment bearing ecolabel or development of tenders with emission criteria from ecolabels for printers, multifunctional equipment, copiers, etc.
- Acquisition of energy efficient appliances, e.g. refrigerators, IT, data centers
- Purchase of recycled office equipment and office supplies
- Introduction of energy efficient cooling systems
- Contracts for winter heating supply enabling efficient management with reduced consumption (preferably use of energy performance contracting)
- Encourage joint procurement of more efficient boilers and solar thermal systems

Public lighting

- Introduction of energy efficiency criteria for street lighting or use energy performance contract (EPC)
- Procurement of 100 % renewable energy for street lights
- Replacement of traditional traffic lights with LEDs
- Energy efficiency requirements for contracting management of the public lighting system (EPC)

Transport and municipal fleet

- Introduction of energy efficiency criteria for an environmentally-friendly municipal fleet
- Procurement Electric vehicles (EVs) including bicycles, scooters, rail cars, forklifts, buses, trucks and cars as municipality vehicles together with electricity from renewables (if the net is available)
- Purchase of low-emission cars

Local energy production

- Renewable energy purchase for municipal services and buildings
- Joint Public Procurement (JPP) of solar thermal energy and photovoltaics
- Compliance with the sustainability requirements for the purchase of wood also for power plants (biomass)

Catering

- Canteen and other public refectories in school and local public authorities premises introduced sustainable menus to reduce the impact both on the environment and on human health
- A preference for local and seasonal food products and an avoidance of frozen food is becoming more and more popular
- Food education programmes to increase the level of awareness of the linkage between feeding practices and chronic diseases

Circular economy and waste disposal

- Locally, the practical implementation of circular economy is tightly related to the efficiency of waste disposal. The waste subtracted to landfills represents the starting point of a new production processes in the form of secondary raw material
- The recycling processes must be, therefore, highly systematized and effective for closing the circle on which circular economy is based

Textiles

- Inappropriate use of certain pesticides and fertilisers in the production of fibres, and substances used during the processing of fibres and final textile products can cause air pollution, ozone formation (smog), bioaccumulation or food chain exposure, therefore, organically produced textiles should be preferred
- Moreover, the above mentioned pesticides and fertilisers might have hazardous effects on aquatic organisms or might enhanced the increased growth of undesirable aquatic organisms which can degrade water quality thus discouraging the use of environmentally harmful substances in textiles production
- Purchase used textiles which can be reused for their original purpose or purchase textiles that contain recycled fibres
- In order to prevent allergies and to limit the impact on human health it is recommended to purchase textiles with lower residues of harmful substances
- With the purpose of avoiding early failure and consequent waste of textiles, it is advisable to prefer fabrics that meet the minimum requirements for colour fastness and dimensional stability

Gardening products

- The inappropriate use of plant protection products and fertilisers and the use of toxic lubricant oils causes soil and water pollution, eutrophication, bioaccumulation and biomagnification of hazardous substances with negative and even toxic effects on the environment. That is why, it is recommended to use compost from separately collected

waste as a soil improver and fertiliser with high quality controls, to avoid the use of peat as a soil improver and to limit plant protection product risks and apply alternative pest control techniques.

- Use (whenever possible) non-potable water, install efficient irrigation systems and apply different measures to reduce water demand such as mulching, plant arrangements according to their hydric needs or selection of adapted/native ornamental plants
- Procure preferably organically produced and native ornamental plants
- Ensure selective waste collection and organic waste treatment for composting and mulching
- Procure products delivered in recycled, compostable, reusable, recyclable or biodegradable packaging
- Use low-noise, low-emission and low-consumption machinery together with environmentally friendlier fuels
- Use rapidly biodegradable and not potentially bioaccumulative lubricants or regenerated oils for gardening machines
- Train staff appropriately

Cleaning

- Use cleaning products that are effective at lower temperatures and do not contain hazardous substances to reduce the ecotoxicity phenomenon
- Avoid phosphorus and limit biocides in the product besides the overall "critical dilution volume" to limit eutrophication
- Provide information on recommended dosages
- Decrease the use of products through reviewing cleaning plans and techniques
- Improve the training of cleaning staff
- Decrease the quantity of packaging used and ensure the recyclability of the packaging and that recycled packaging is used to diminish the waste generation

Copying and graphic paper and imaging equipment

- In order to prevent forest destruction and potential loss of biodiversity, it is recommended to opt for paper produced from post-consumer recovered paper fibres (recycled paper) or paper based on legally and/or sustainably harvested virgin fibre
- To avoid emissions to air and water during pulp and paper production, it is advisable to procure paper produced through a process characterised by low energy consumption and emissions
- Avoidance of certain chemical substances in paper production and bleaching
- Purchase imaging products (e.g. printers, scanners, etc.) with efficient paper management
- Purchase energy efficient models
- Purchase products which are designed to be resource efficient, to generate little waste and to facilitate reuse and recycling

4. GPP policies and relevant instructions for decision-makers

Many public authorities in Europe have taken the approach of establishing a GPP policy, or including commitments to GPP implementation within other policies. GPP requires effective co-operation between different departments and staff members within an organization. GPP implementation needs to be planned and articulated stage by stage:

1. Determining the scope of GPP in the organization
2. Setting priorities and targets for the activities
3. Organizing appropriate training for staff
4. Monitoring performance

The coherent combination of all these elements constitutes a GPP policy. Moreover, such a policy in order to be effective should:

- Include clear targets, priorities and timeframes
- Indicate the scope of the purchasing activities covered
- Indicate overall responsibilities for implementing the policy
- Include a mechanism for appropriately monitoring
- Include incentives for “champions” and objectives for managers
- Include a communication process to involve citizens on the advantages of GPP

➤ **Establishing a working group**

Implementing GPP requires the involvement and cooperation of different departments and staff members across an organisation. Finance, environment and procurement officers will likely need to be involved, as well as certain specialist departments such as construction, energy or IT.

In many authorities, purchasing responsibilities are dispersed across the administration. Setting up a working group involving representatives from different departments when developing a GPP policy, establishing priorities and targets, and assessing training needs can help to ensure the commitment of all those involved: all needs are met.

➤ **Prioritizing**

Introducing GPP into procurement practices will typically require a step-by-step approach. One approach is to select a small range of basic product and service groups (e.g. paper, packaging, simple IT services, ecc..). to focus on at first. The degree of complexity can be, then, increased gradually in

order to incorporate more sophisticated product groups and more complicated management practices.

In identifying which products, services and works sectors to priorities, three main factors should be initially kept in mind:

- Environmental impact – Select those products (e.g. fleet vehicles) or services (e.g. cleaning services) which have a high impact on the environment over their life cycle considering three main issues:
 1. Dematerialisation of resources and in particular energy: opt for solutions that allow a systematic reduction of the required resources by means of new advanced technologies (doing more with less).
 2. Reduction or elimination of hazardous substances for human health and for the environment: the substances that have been already recognized as dangerous both at national and EU levels (REACH) are still commonly used in many wide consumption products. It is necessary, then, to increase the awareness of consumers about this threat and to sensitize public authorities on the need to adopt even more stringent criteria and to supervise the chemical composition of the selected products.
 3. Reduction of waste: this reduction must start with a lower purchasing of unnecessary goods (containment of needs) and with the diffusion of re-use practices besides recycling.
- Budgetary importance – Focus efforts on areas of significant expenditure within the authority.

An analysis of the expenditure profiles must be conducted over a significant time horizon such as the previous three years. This analysis must be jointly combined with a classification of the procurement practices.

- Potential to influence the market – Focus on areas where there is the most potential to influence the market. This may be due to the size or value of the contract, or the interest placed by suppliers on having public sector clients.

A number of further factors should then also be considered in making the final selection of sectors:

- Political priorities.
- Market availability of environmentally preferable alternatives.
- Cost considerations.
- Awarding criteria.
- Visibility.
- Practical considerations.

➤ **Setting GPP targets**

Clear and easily understandable targets are critical in order to assess progress, and to communicate your intentions within the organisation and to the general public.

Targets may include:

- Overall procurement targets – e.g. 50 % of procurement (by value and by number of tenders) should include GPP criteria by 2020 Targets can differ for national, regional, local levels.
- Product/service specific targets – e.g. by 2020 50 % of meals served in school canteens should be organic, or by 2020 all cleaning services should use products meeting the EU Ecolabel criteria.
- Operational targets – e.g. all procurement staff will receive GPP training by 2020, or GPP guidance will be available to all staff on the authority intranet.

When considering procurement targets it is important to have a clear, operational definition of what counts as green procurement.

➤ **Monitoring**

This should produce a record of which tenders and/or awarded contracts included GPP criteria. Ideally, the monitoring system put in place should also include information about the environmental impact of purchasing decisions made.

➤ **Networking**

Many of the issues faced in implementing GPP are common to all public authorities, and there is a lot to be gained by engaging in networking and cooperation activities with other authorities. Sharing information for example, on the environmental criteria used in tendering or the market availability of green products can help save time and effort.

➤ **Incentives**

When setting a GPP target an adequate system of incentives for “champions” should be developed to exploit successfully the potential that they can express in terms of leading good practices and giving a signal to the stakeholders. Likewise, the managers should be assigned clear and achievable objectives that can be assessed and monitored over time. A workable and effective incentives mechanism is represented by the organization of internal money prizes or bonuses for the employees who successfully achieved the environmental targets set beforehand. The measurability of both incentives and objectives has a key role in ensuring the success of the GPP policy.

➤ **Communication**

Lastly, an effective and permanent communication process must be implemented to make aware the citizens on the advantages of GPP and on the role that the social dimension can play in the supervision of the GPP targets achievement. Indeed, public opinion can play a prominent role in



orienting the procurement policies of the public authorities provided a common consciousness of the sustainability values. Therefore, the mis-procurement practices would be detected and denounced by the collectivity itself.

5. GPP and the Sustainable Energy Action Plans (SEAP)

The local policy decision-makers who have already implemented a GPP strategy or are eager to implement such a strategy might be the same actors who decided to become signatories of the Covenant of Mayors (CoM). The mayors of either small villages or large cities are the main players of this initiative and have a key role in coordinating the team that deals with public procurement at municipal level. The main objective of this coordination activity is to create a synergy between the actions implemented to carry on the GPP strategy and what is provided by the Sustainable Energy Action Plan (SEAP) adopted after signing the Covenant. The benefit derives from the easiness in the quantification of the economic and environmental advantages. In other words, the positive outcome associated with green purchasing and energetic efficiency leads to a more simple accounting if conducted matching GPP and SEAP actions. Nevertheless, a material issue is created by the lack of coincidence between the subjects that implement the GPP operations and the subjects that implement the SEAP, thus reducing in practice the potential benefits of this synergetic relationship.

For further information on the CoM and the SEAP, please refer to the following boxes:



What is the Covenant of Mayors?

The Covenant of Mayors is the mainstream European movement involving local and regional authorities, who voluntarily commit to increasing energy efficiency and using renewable energy sources on their territories. Through their commitment, Covenant signatories aim to meet and exceed the European Union objective of a 20 % reduction in CO₂ emissions by 2020.

What is a SEAP?

The Sustainable Energy Action Plan (SEAP) is a key document outlining how the Covenant signatory intends to fulfil its commitment by 2020. It uses the results of the Baseline Emission Inventory to identify the best fields of action and opportunities for reaching the local authority's CO₂ reduction target. It defines concrete reduction measures, together with time frames and assigned responsibilities, which translate the long-term strategy into action. In the main target sectors of a SEAP – buildings, equipment/facilities and urban transport – green procurement plays a central role. Signatories commit to submitting their SEAPs within the year following adhesion.

The Covenant signatories could follow the structure of the SEAP template when preparing their Sustainable Energy Action Plan. The suggested content is:

- 1. SEAP Executive Summary*
- 2. Overall strategy*
- 3. Baseline Emission Inventory*
- 4. Planned actions and measures for the full duration of the plan (2020)*

A SEAP can help to disseminate the benefits of GPP which have already been mentioned above but assume a special relevance in the context of the Covenant of Mayors since the green procurement measures contained in the action plan can be synergistically combined with the ordinary sustainable purchasing practices:

- lead to savings in energy, water, and materials as well as in the associated operation,
- reduce polluting substances and greenhouse gas emissions,
- improve services to the public and thus enhance quality of life, meet higher quality standards and deliver better performance for public authorities and ultimately citizens,
- create incentives for industry to develop 'green' technologies and products and promote them in the marketplace (influence the marketplace and encourage new entrants in the field of environmental technologies and products),
- often lead to savings – for public authorities making the purchases and for society in general when the life cycle costs of the product are considered,
- help new products and services that have been developed to meet the requirements of GPP to also become popular with private consumers.

The cities and towns that decided to sign the CoM are required to harmonize their GPP policy with the commitments deriving from their SEAPs. This effort to make the GPP activities coherent with the

strategy adopted in the action plan might appear marginal, but it is, indeed, a key engagement to ensure the actual implementations of the expected activities. Moreover, if a deep sensitivity on the importance of adopting a GPP policy is perceived by the policy-makers, the probability that the actions of the SEAP will be achieved and eventual changes in the strategy will be incorporated in subsequent amendments of the plan increases significantly. Energy efficiency plans provide systematic ground for sustainable procurement. Public procurement and the way procurement processes are shaped and priorities set in the procurement decisions offer a significant opportunity for local authorities to improve their overall energy consumption performance. SEAPs enable municipalities to gain political support for GPP, organize structures, set GPP targets, implement GPP and monitor success.

The combination of the GPP policy with the adoption or fulfilment of a SEAP requires:

- political commitment
- study of the needs and peculiarities of the local context, development of a long-term strategy to identify the policy areas and products, cross-analysis of the actions to be implemented with the ongoing GPP policy of the city
- creation of a network to sensitize the stakeholders and organization of events to disseminate the content of the engagements among the citizens
- identification of the local procuring authority and establish a connection in order to make it aware of which are the actions identified by the SEAP, inclusion of the procuring authority staff in the list of important stakeholders
- involvement of other potentially important stakeholders, such as: energy suppliers; for transport/mobility actors: private/public transport companies, etc.; for building sector: building companies, developers; NGOs and other civil society representatives; universities; and/or neighboring municipalities (in the event of joint procurement projects)
- creation of a working group with the energy planning manager, key exponents from various departments of the local authority, public agencies, etc. to elaborate and follow-up the SEAP text, to ensure stakeholders' participation, to organize monitoring, to produce reports, etc.
- inclusion in the working group(s) of non-municipal key actors who are directly involved in the SEAP actions
- multi-departmental and cross-sectorial work throughout the several departments of the local administration (environmental protection, land use and spatial planning, economics and social affairs, buildings and infrastructure management, mobility and transport, budget, finance and, last but not least, procurement) in order to incorporate the SEAP processes in the routine of the administration
- establishment of a steering committee, comprising politicians and senior managers to provide strategic direction and the necessary political support to the process
- suitable communication campaign and training o GPP benefits addressed to municipal workers in different departments
- adoption of one of the two major ways to integrate GPP into a SEAP:
 - ✓ GPP as an independent field of action in the SEAP:
The advantages of GPP as a separate field of action is clearly that the power of procurement as a tool for climate change mitigation gains visibility and long-term



structural changes can be achieved. If this first option is to be favoured, local policy-makers must be sure to obtain the support of purchasers and council members.

✓ GPP as an integral part of different key sectors or actions

Due to the fact that local authorities are large-scale customers in many fields, overall commitments in this area have a considerable impact on the consumer-related CO₂ emissions and a local authority's ecological footprint. This being said, the overall procurement approach is more complicated and requires more intersectional reconciliation. It is potentially more difficult to gain legitimacy from the council for an overall strategy than for single measures.

- implementation of the actions identified by the SEAP and monitoring of the progresses

6. Management techniques for the brainstorming stage of a GPP policy

The identification of relevant GPP actions is clearly of great importance for the success of a policy and, therefore, a suitable set of project management techniques should be applied. In the early stages when the working group is gathering ideas it may be applied a powerful cooperative tool that can involve the use of "Flip charts". If a decision-maker wants to hold a fruitful brainstorming session to define a GPP policy, he may consider to adopt this technique and to divide the participants to the session groups and to assign them three post-it stickers. The participants are asked to write on the post-it the main actions they perceive as effective for the achievement of an effective GPP policy. After 10 minutes the post-it are collected and a discussion starts. The debate is followed by an activity of clustering the ideas that are similar and then of reshaping these ideas to improve the content of the macro-areas. If it is necessary, extra steps can be added to refine the process. At that point, ideas must be prioritized under the supervision of the training coordinator.

- The flip chart technique has clearly both advantages and disadvantages. Thanks to the flip chart is possible to organize the activities conducive to the achievement of a given objective, create a process in a clear and precise way, develop a project plan by sharing ideas and tips with the stakeholders and **maximizing** the advantages deriving from the participation and the involvement of all interested parties. Though, it remains difficult to use this method to discuss on an highly scientific topic.

7. Legal framework and practical instructions

In December 2011 the Commission proposed the revision of Directives 2004/17/EC and 2004/18/EC, as well as the adoption of a directive on concession contracts. Member States have to transpose the directives into national law by the first months of 2016.

The directives were voted by the European Parliament on 15 January 2014 and adopted by the Council on 11 February 2014.

- Directive 2014/23/EU
- Directive 2014/24/EU (which replaces the 'Classic' Procurement Directive 2004/18/EC)
- Directive 2014/25/EU (which replaces the 'Utilities' Procurement Directive 2004/17/EC)

The new rules aim at simplifying the approach to GPP and at facilitating a better integration of environmental considerations in procurement procedures. They include a horizontal clause relating inter alia to environmental requirements, provisions on the use of environmental labels, and the option to take account of environmental factors in the whole production process and a life-cycle costing approach.

Horizontal clause

- Social clauses have to be inserted in the tender not only as basic requirements but also as awarding criteria of the most economically advantageous offers.
- All the enterprises that have been convicted for environmental crimes are automatically excluded from the tendering process.
- In the performance of public contracts enterprises have to comply with the applicable environmental obligations stemming from EU, international and national law.
- An enterprise which does not respect these environmental obligations can be excluded from the tender procedure.
- The enterprise that has submitted the best tender may be not awarded the contract if the tender does not comply with these environmental obligations.
- A tender has to be rejected where it is abnormally low (either price or cost) in relation to the works, supplies or services because it does not comply with these environmental obligations.

Labels

- A label is a mark/document attesting that a given product fulfils established and predefined quality conditions and requirements. The new rules allow public purchasers to refer to a specific label or eco-label when laying down the environmental characteristics of the works, goods or services they wish to purchase.
- Certain conditions must however be met:
 - all the requirements that have to be met to obtain the concerned label must be linked to the specific works, goods or services to be purchased, i.e. they must

characterise them. If the label includes requirements which relate to the enterprise itself or its policy in general, the label cannot be referred to by the public purchaser. In this case, reference can only be made to the specific requirements of the label which are linked to the purchased works, goods or services;

- labels must be laid down in a transparent procedure by independent bodies in which all relevant stakeholders, such as government bodies, consumers, manufacturers, distributors and non-governmental organisations, can participate;
- the label has to be based on objective and non-discriminatory criteria and available to all interested parties;
- if an enterprise has been unable to obtain the label on time, equivalent labels or other means of proof must be accepted by public purchasers.

Production process

- Public purchasers can consider all factors of the production process, provision or trading, even where such factors do not form part of the material substance of the product. A central role in this context is played by the identification and quantification of externalities that imply sunk costs for public finances. This is the case of polluting production processes that create negative externalities to the detriment of the society. This damage translates into costs covered by the public budget for decontamination or health services for people affected by pollution-related diseases. For example:
 - when technically describing the products or services they want to purchase, they may require that they do not involve toxic chemicals or are produced/provided using energy-efficient machines;
 - public purchasers may also decide that the contract will be awarded to the enterprise offering the products/services which meet these conditions in the best possible way.

Life-cycle costing

- The new rules promote a life-cycle costing approach. The notion of life-cycle costing includes all costs over the life cycle of a works, supplies or services contract. This means internal costs as well as costs related to environmental factors:
 - internal costs include costs for research and development, production, transport, consumption of energy, maintenance and end-of-life disposal;
 - externalities may include the emission of greenhouse gases, pollution caused by the extraction of raw materials used in the product or caused by the product itself or its manufacturing.
 - public purchasers can assess value for money on the basis of environmental aspects.
- Costs related to environmental externalities can only be taken into account if their monetary value can be determined and verified. If no common EU method exists for the calculation of life-cycle costs such methods can be established at national, regional or local level. However, they have to be general in the sense that they should not be exclusively designed for one specific public procurement procedure, be objective and the data required can be provided

with reasonable effort by enterprises. Moreover, the quantification mechanism applied for the accounting of sunk costs must be shared between all the parties involved. This requires a wide involvement of the association of producers, besides the contracting authorities and the targeted administrations.

The Commission has included changes to the procurement procedures, such as:

- Increased flexibility and simplification on the procedures to follow, negotiations and time limits;
- Clearer conditions on how to establish collaborative or joint procurements which, through bulk purchasing, can provide the necessary demand to launch new solutions;
- Strengthening the use of life cycle costing, which describes all the phases through which a product passes from its design to its marketing and the discontinuation of its production;
- The creation of innovation partnerships which enable a public authority to enter into a structured partnership with a supplier with the objective of developing an innovative product, service or works, with the subsequent purchase of the outcome;
- The exemptions for procurement of R&D services currently included in the new Directives (which are the basis for PCP) will be maintained. Public procurers can therefore continue to undertake pre-commercial procurement.

Further interesting elements of the Directive 2014/24/EU are the following:

- Technical specifications and award criteria may refer to any stage of a product lifecycle, including addressing specific production practices, „provided that they are linked to the subject-matter of the contract and proportionate to its value and its objectives” (Art. 42).
- Product labels can be required as means of proof in technical specifications, award criteria or contract performance conditions as long as all the underlying criteria of the label are linked to the subject matter of the contract.
- Use of ‘most economically advantageous tender’ (MEAT) as default criteria (Art. 67). When transposing the Directives, member states may choose to forbid or restrict the use of lowest price as the sole award criterion.
- The use of life cycle costing (LCC) as a method for assessing tender costs is clarified (Art. 68). Contracting authorities may select to include costs imputed to environmental externalities in this calculation.
- Possibility for greater control over subcontracting practices (Art. 71): the contractor is obliged to disclose the expected level of subcontracting in advance as well as providing, in the case of works and services contracts, contact details and details of legal representatives of any company used as a subcontractor.
- Introduction of a European single procurement document for bidders (Art. 59). This makes it easier to verify and standardise any proofs of environmental and social compliance given by bidders.

Other pieces of mandatory legislation are the following:

- Regulation No 106/2008: Energy-efficiency Labelling Regulation/Energy Star (2008)
- Directive 2009/33/EC: Clean Vehicles Directive (2009)
- Directive 2010/30/EU: Energy Labelling Directive (2010)
- Directive 2012/27/EU: Energy Efficiency Directive (2012)

At member states level the nation legal contexts appear very diversified due to the delay that some states suffered because of the different starting points. In Italy, the Ministry of the Environment promoted the development of Minimum Environmental Criteria (MEC) to support the public authorities in their procurement activities by means of guidelines. These criteria are mandatory and unlike the Directives do not require any transposition laws and are, then, immediately executing. The purpose is to rationalize the purchases and to adopt a sustainable approach throughout the whole procuring process and the subsequent product/service life cycle (tender objective, technical specifications, awarding characteristics, performance conditions). These MEC are identified among the environmental criteria of the existing ecologic labels or the standards (e.g. the provisions of the Energy Related Products Directive) related to the eco-design of energy-related products. A further source for the MEC is represented by the industrial players such as the producers' associations. The products/services for which a MEC has been developed and made executing are the following: electric office equipment and appliances, office furniture, street furniture, social aspects in public procurement, incontinence aids, paper, printer toner, building sector, public lighting, cleanliness and hygiene products, urban wastes, catering and food, external windows and doors, public parks and green areas.

In late 2015 the Italian Parliament adopted a bundle of environmental norms to promote green economy and to reduce the excessive use of natural resources ("Collegato ambientale"). This legislative innovation has implications in many different fields such as the guarantees in support of the offer in public contracts, the modifications to the evaluation criteria of the most economically advantageous offer and also the MEC applied to the public tender for services. The green procurement has been deeply innovated by this new law and mandatory criteria for the procurement of energy efficient products and services have been established. Moreover, the law introduced a voluntary national scheme for the evaluation of the environmental footprint called "Made Green in Italy". This label is based on the Product Environmental Footprint (PEF) methodology as defined in the Recommendation of the Commission 179/2013.

Some other examples of areas that have been reformed are: the establishment of new rankings for the award of grants, the subsidies and loans in environment-related sectors, the significant amendments to the Environment Act with respect to waste collection, recycling and the "eco-tax" for municipalities. Obviously, GPP is one of the most affected area with many advanced novelties.

A number of resources for GPP implementation can be accessed from the EU GPP website: http://ec.europa.eu/environment/gpp/index_en.htm

The Buying Green Handbook can be downloaded here: http://ec.europa.eu/environment/gpp/buying_handbook_en.htm

8. Practical instructions step by step

Step 1: Achieve political and management support

It is advisable to implement a green procurement policy for your institution or company well before the actual procurement procedure begins. The procurement directives should also comprise the evaluation basis of the most economic offer with the calculation of life cycle costs. Choose a green title to communicate the policy to your staff and the outside world.

Step 2: Assess your actual needs

Here the necessity of the procurement and its complexity are examined. Thereby, possible alternatives to the purchase of the product e. g. the repair of old devices or leasing of a new product as well as measures to improve efficiency and synergy of environmental friendly aspects, are examined. A critical and exact demand analysis is one of the most important steps for an environmental friendly procurement.

Step 3: Define the subject matter and make a preliminary consultation of the market

The subject matter of a contract relates to the product, service or work you want to procure. Purchasers are free to define an environmentally friendly product or performance-based product definition. Describe your needs in a functional manner so as not to exclude alternatives. Market engagement allows a public authority to test and influence potential suppliers in the market. Finding appropriate ways to engage with the market, whilst respecting company confidentiality and ensuring transparency can greatly assist a procurer in knowing what is possible (please also refer to Article 40 of Directive 2014/24/EU and Article 58 of Directive 2014/25/EU).

Step 4: Define technical specifications

After having defined which are the product, service or work to procure, the policy-makers are expected to describe the technical specifications of the contract and to constitute the minimum compliance criteria. Apply environmental criteria to save resources and energy as well as to reduce waste and pollution.

The GPP Toolkit is one of the key tools used to implement GPP (http://ec.europa.eu/environment/gpp/first_set_en.htm)

The GPP toolkit proposes two categories of criteria for each sector covered:

- The core criteria are those suitable for use by any contracting authority across the Member States and address the key environmental impacts. They are designed to be used with minimum additional verification effort or cost increases.
- The comprehensive criteria are for those who wish to purchase the best environmental products available on the market. These may require additional verification effort or a slight increase in cost compared to other products with the same functionality.

In each category there are minimum compliance criteria and award criteria offered:

a) Minimum compliance criteria: These criteria will be included in the performance specifications and must be fulfilled by the service or product supplier (e. g. the maximum capacity of the electrical equipment). A non-fulfilment of a mandatory criterion excludes the offer from the call for tenders. This procedure demands strict compliance with central environmental criteria.

b) Optional award criteria: These criteria are evaluated with the help of extra points and considered in relation to other awarding criteria during the awarding process. The total score of the optional criteria (altogether 100 % is possible) represents the degree of compliance with environmental characteristics such as recycling ability or energy efficiency. They enter the offer evaluation depending on the assigned importance of these criteria. Thus, economic and environmental interests can be weighted accordingly. These criteria are described in step 5.

In principle environmental interests can have a strong impact even without the compliance with mandatory criteria, if they are evaluated with a high score as optional criteria. Thus devices, which do not fulfil a certain criterion, have a chance to be considered, as long as the sum of the environmental characteristics convinces.

The following product groups are covered by the GPP toolkit:

1. Copying and graphic paper
2. Cleaning products and services
3. Office IT equipment
4. Construction
5. Transport
6. Furniture
7. Electricity
8. Food and Catering services
9. Textiles
10. Gardening products and services
11. Thermal insulation
12. Hard floor-coverings
13. Wall Panels
14. Combine Heat and Power (CHP)
15. Road construction and traffic signs
16. Street lighting and traffic signals
17. Waste Water Infrastructure
18. Indoor lighting
19. Toilets and Urinals
20. Sanitary Tapware
21. Imaging Equipment
22. Electrical and Electronic Equipment used in the Health Care Sector
23. Water-based Heaters

Another helpful tool is represented by the Eco-labels – both to develop specifications or criteria and to verify the compliance of products and services with these standards. There are many different kinds of eco-labels, for example those which address a single issue such as the Energy Star label or those which cover multiple criteria. It is important to note that it is not allowed to use the labels in the procurement process but the criteria in the label can be used (European Court of Justice on 10 May 2012, Case C 368/10).

Step 5: Define award criteria

Determine award criteria, e.g. better eco-efficiency, and their weighting when evaluating the tenders. The award criteria must relate to the subject matter of the contract. Describe how you will calculate the life cycle cost and how it will be weighted.

Life Cycle Costing

The cost efficiency of an offer does not only depend on the purchasing price, but also on the operating costs. For the comparison of the offers the purchasing, operating and disposal costs are evaluated over the expected useful lifetime (life cycle costs).

Calculation tools are provided for each product to compare the cost-efficiency of the offers. The following factors have to be considered if energy-related environmental interests are included in the calculations:

- Providers must guarantee the maximum level of power and energy consumption for the calculation.
- Factors such as yearly utilisation periods in different operating modes should be realistically measured and empirically secured if possible.
- Technical measures to reduce the energy consumption should be considered if possible e.g. energy management in PCs and auto power off function.

Step 6: Set contract performance clauses

Use contract performance clauses as a way of setting further relevant energy efficiency/environmental conditions for the green contract.

Step 7: Award the contract

Provided that all the offers fulfil the technical specifications, the contract will be awarded to the “the economically most advantageous tender” based on the results from the Buy Smart+ life cycle cost calculation tool and degree of compliance with award criteria.

The public authorities need to verify the correspondence between the required technical specifications and the characteristics owned by the product. Despite the verification conducted



during the tender process, it will be impossible to verify during the execution of the contract without a new specific verification phase in this stage.

In this case, it would be also useful to connect a contract performance clause with a positive/negative consequence in case the verification process is successful or not.

9. Implementing, reporting and monitoring in SEAPs

Procurement – as well as financing – is an overarching activity for the implementation of measures in SEAPs. In order to achieve anything more ambitious than the minimal requirements, GPP should be initiated. These will lead to tangible savings, which are central to the implementation of SEAPs.

Whether the GPP in SEAPs will be successfully implemented or remain a pile of paperwork depends to a large extent on the human factor. Especially the implementation of procurement measures requires ongoing political support. The SEAP needs to be managed by an organisation that supports people in their work, where there is an attitude of ongoing learning, and where mistakes and failures are opportunities for the organisation and individuals to learn. During the implementation phase, it will be essential to ensure both good internal communication (e.g. between different procurement departments) within the local authority and among all involved (local building managers, etc.) as well as good external communication (to citizens and stakeholders).

The SEAP implementation team should regularly inform the city council (or equivalent body) and politicians in order to make them an important part of successes and failures and to win their commitment through updated council resolutions. Political decision-makers should ensure that sufficient time and resources are foreseen.

Staff must have appropriate practical skills, technical knowledge and access to information to implement criteria/specifications and procedures (Buy Smart+) and sector-specific GPP approaches, e.g. for buildings, electricity (“Buying Green”).

The public authority should provide supporting guidelines and resources to allow effective implementation of the policy, provide staff and politicians with environmental training and awareness-raising tools, and ensure there is effective communication between our central purchasing unit and the individual departments.

The local authority should communicate green purchasing objectives, imposed requirements and desired outcomes with suppliers (existing and potential). It should work with suppliers and contractors to help them improve their environmental performance (e.g. to reduce, reuse and recycle their packaging) and so spread good environmental practices through the supply chain.

Successful implementation of GPP should be promoted to other municipal public authorities and community through various activities (e.g. leaflets, promotional website).



Monitoring progress and energy/CO₂ savings is an integral part of SEAP implementation. Life cycle environmental impact savings associated with GPP contribute to reductions. Life Cycle Cost (LCC) Assessments help to avoid reducing the environmental impact at one point in the life cycle and increasing it in another. For example, to avoid causing waste-related issues while improving production technologies or increasing emissions in one country while reducing them in another.

The CoM provides signatories with harmonised data compilation and a reporting framework which is unique in Europe, and helps them to follow systematic energy planning and monitoring at the local level. Reporting data via the Covenant allows signatories to demonstrate the EU-wide impact of GPP actions on the ground.

Covenant signatories are required to fill in an online SEAP template in English. This allows them to summarise the results of their Baseline Emission Inventory as well as the key elements of their SEAP. Moreover, the template is a valuable tool that provides visibility to the SEAP and facilitates its assessment as well as the exchange of experience between the Covenant signatories. Highlights of the information collected will be shown online on the CoM website. The template presents the opportunity to report at different sectorial levels in order to enable a certain degree of flexibility for signatories.

In the monitoring template, there is also the option of highlighting GPP actions as Benchmarks of Excellence. The monitoring stage has been reached by a relatively low number of signatories but it is very important milestone of the Covenant since it represent the moment when the Administration is required to assess its results and to verify if it cohered with the original engagements. The difficulties that the local Authorities face in achieving this stage cannot be neglected since they represent a structural deficit for both large cities and small villages. This is due to several factors such as the lack of political continuity and the financial constraints determined by the budget constraints experienced by public bodies over the last years. The monitoring phase represents also the chance to check whether the SEAP objectives have been achieved consistently with the GPP strategies pursued by the administration. The coherence between these two objectives is of paramount importance in the framework of monitoring since the measurement of results is the first step towards the formulation of an adjustment strategy or a more ambitious future targets identification. Therefore, the failure to achieve the monitoring stage is still a risky and inescapable scenario for many local authorities which have not been able to keep the pace with the action plan they committed to and to match the SEAP objectives with their GPP strategy.

Finally, further indicators like the percentage of tenders that uses GPP criteria or the actual procurement of green products (total and/or percentage of green tenders and/or products) are useful for local authorities to monitor overall GPP progress in the Municipality.



10. References

Buy Smart+

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EU Ecolabels :

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Pro-EE



11. Glossary

GPP:	Green Public Procurement
LCC:	Life Cycle Costs
SEAP:	Sustainable Energy Action Plan
CoM:	Covenant of Mayors