



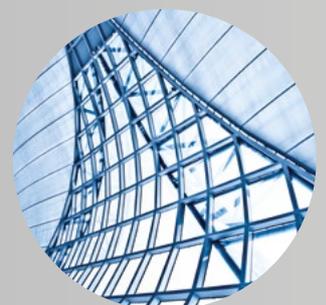
PROCURA+

European Sustainable
Procurement Network

The Procura+ Manual

A Guide to Implementing
Sustainable Procurement

3rd Edition





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PREFACE

In the nine years since the last edition of the Procura+ Manual was published, much has changed. Sustainable procurement has continued to develop and spread amongst public authorities both in Europe and the rest of the world, so that it now forms part of procurement policy in 56 countries.¹ Sustainable procurement has also grown in both scope – to encompass a wider range of environmental, social and economic issues, promoting value for money in its full sense – and depth, as the knowledge and techniques developed by frontrunners have been disseminated and standards raised. However, progress towards more sustainable procurement has not been straightforward. The economic downturn has severely limited public budgets in many countries and the resources, along with the political will, to implement sustainable procurement have come under pressure. While some governments have experienced the cost savings and competitive advantages associated with sustainable procurement, work remains to be done to demonstrate its benefits to others and to consolidate the progress already made.

The Procura+ European Sustainable Procurement Network

Procura+ is a network of European public authorities and regions that connect, exchange and act on sustainable and innovation procurement.

These organisations collaborate through seminars, webinars, working groups, twinning activities, via e-mail and a dedicated discussion forum. In addition, many participate in related sustainable procurement projects and initiatives.

More on the Network can be found on the website (www.procuraplus.org), and at the end of this manual.

This fully updated and revised edition of the Procura+ Manual aims to position sustainable procurement in the current economic, political and legal framework. As with previous editions, it acts as a central point of reference for public authorities and others wishing to understand and implement sustainable procurement. The lessons and experiences of Procura+ Network participants are reflected in the pages that follow, together with the findings of a number of recent large-scale studies and sector-specific initiatives. The Manual continues to offer a clear overview of what sustainable procurement is, how it can be implemented and what the costs and benefits are. It is intended to be used both by those who are new to the field and those who are already familiar with the key concepts, but are seeking examples of sustainable procurement in action and arguments to strengthen it within their own organisations.

This new edition comes at a significant juncture in EU public procurement, following the transposition of the 2014 Procurement Directives² by EU Member States. One of the ambitions of the reform was to facilitate the strategic use of public contracts to achieve broader societal goals. After a long negotiation process, the final texts of the Directives offer significant new opportunities for sustainable procurement – especially in terms of including social considerations, such as fair trade, in the award of contracts. However, the vast majority of provisions related to environmental, social and innovation aspects of tendering remain optional for contracting authorities to adopt. While rules on life cycle costing and labels are intended to facilitate the transparent and fair use of these tools, they may also add complexity. The role for initiatives such as the Procura+

¹ O'Rourke A., Leire, C. and Bowden T. (2013) Sustainable Public Procurement: A Global Review *United Nations Environment Programme*. Based on a survey and desktop research, the study estimated that by the end of 2012, at least 56 countries had adopted a national SPP/GPP policy in some form.

² 2014/23/EU (the Concessions Directive), 2014/24/EU (the Public Sector Directive) and 2014/25/EU (the Utilities Sector Directive). References in the Manual are to the Public Sector Directive, however readers should note that many of the same possibilities for SPP exist under the other two directives.

³ www.procuraplus.org

⁴ www.procuraplus.org

Network in assisting contracting authorities to apply these provisions in practice is clear: direct support as well as exchange and networking help Procura+ participants to drive sustainable procurement. Readers are invited to join the **Procurement Forum**³ in order to share their tips or pose questions on the new rules.

Finally, it is worth noting that the technological framework for procurement has changed more rapidly than the legal one - and the move towards fully electronic tendering under the 2014 Procurement Directives means more change is on the way. The combination of new legal and technological avenues for sustainable procurement and the ongoing challenge of promoting long-term benefits over short-term barriers make this an exciting time to be a participant of the **Procura+ Network**.⁴ We invite you to join us in this effort to further the uptake of sustainable procurement and to adopt this Manual as part of your organisation's procurement policy.

Join the movement!



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CHAPTER I

INTRODUCTION

1.1 What is sustainable procurement?

Sustainable procurement⁵ means making sure that the products and services your organisation buys achieve value for money on a life cycle cost basis and generate benefits not only for your organisation, but also for the environment,⁶ society and the economy. To procure in a sustainable way involves looking beyond short-term needs and considering the longer-term impacts of each purchase. Sustainable procurement is used by both public and private sector organisations to ensure that their purchasing reflects broader goals linked to resource efficiency, climate change, social responsibility and economic resilience, for example. As these aspects are often interlinked, it is useful to picture sustainable procurement as follows:



Fig 1. Sustainable procurement impacts

The examples given in the diagram above are not exhaustive. Other environmental impacts related to the use of hazardous substances, raw material usage and the management of natural resources exist in addition to greenhouse gas emissions. On the social side, procurement may encourage a diverse base of suppliers, promote fair employment practices and ethical sourcing, and foster training opportunities and community benefits. Economic goals achievable through procurement include the creation of new jobs and markets, as well as opportunities for small and medium sized enterprises (SMEs), in addition to delivering value for money across the whole life cycle of a purchase. In the language of economists, **sustainable procurement** is about “internalising the externalities” and leading by example. It is about driving behaviour change by government taking the lead and showing others what can be done.



At its most basic, sustainable procurement can mean buying energy efficient computers or fair trade coffee. At its most comprehensive it means systematically integrating sustainability considerations into the whole procurement process, embedded in organisational policies, whether purchasing goods, services or works and regardless of the type of contract or form of procurement procedure followed (e.g. service contracts, centralised framework agreements, competitive dialogue or other 'non-traditional' procurement approaches).

Regardless of the scope of activities undertaken, there is a need to understand the connections between environmental, social and economic aspects of sustainability, so that gains achieved in one area do not come at an unacceptable cost to another. Some sustainable procurement approaches will generate multiple benefits - for example energy-efficient products which save money and CO₂, or an innovative building design which improves users' wellbeing while also making maximum use of natural light, heating and cooling. In other areas, there may be a trade-off between benefits in one category and costs in another. Procurers evaluate such trade-offs on a daily basis, and they can be far from easy to manage.

For this reason it makes sense to adopt sustainable procurement as a policy, rather than just as an ad-hoc practice, so that it can be supported, monitored and improved over time. A sustainable procurement policy can also help to establish communication between the users or commissioners of goods, works and services and procurers, to ensure needs are met in a sustainable manner (see the **Sustainable Procurement Policy section in Chapter II**).

From defining your organisation's true needs, to setting appropriate technical specifications and evaluation procedures, to monitoring contract performance and results, a sustainable procurement policy will help by:

City of Barcelona, Spain

One of the founding participants of the Procura+ Campaign, the **City of Barcelona**⁷ has been working on sustainable procurement since 2001, and in 2010 spent €43 million on green products and €92 million on “greened” services (e.g. lighting, fountain maintenance). In 2013 it adopted mandatory green criteria for vehicles, electricity, food and catering services and a range of other high priority procurement categories, e.g. achieving 100% ecologically grown food supplies worth €3.8 million.

⁵ For the sake of simplicity the term sustainable procurement is used throughout the document. Although the term sustainable procurement would also cover private sector procurement, the focus of this manual is on procurement within the public sector. Many of the principles of course would apply to both private and public procurement.

⁶ The terms green public procurement (GPP) and sustainable procurement are often used interchangeably – however GPP considers only the environmental impacts of purchasing decisions, whereas sustainable procurement considers all aspects of sustainability.

⁷ www.procuraplus.org/public-authorities/barcelona-city-council

- Signalling commitment from the highest levels of your organisation
- Providing a consistent approach and common language which will be appreciated by procurers, users and suppliers
- Linking sustainable procurement to other organisational goals and policies, as well as important national or local priorities and policies
- Developing support functions, such as training programmes, guidance and standard tendering procedures
- Ensuring sustainable procurement is monitored regularly and continuously improved
- Giving you an opportunity to view your procurement process in a different way

This Manual is designed to provide clear, easy-to-understand guidance on how to develop a sustainable procurement policy and implement it in practice. It has been prepared by people with years of direct experience in public sector procurement and expertise of how to integrate sustainability considerations. The chapters contain practical advice, examples and a management framework in the form of the Procura+ Management Cycle. Particular focus is given to the possibilities under the **2014 Procurement Directives**⁸ to take environmental, social and innovation aspects into account in tendering. The relative costs and benefits of sustainable procurement in different sectors are also analysed, with evidence from large-scale studies undertaken in recent years. Relevant resources and criteria are highlighted throughout the Manual.

1.2 Public procurement of innovation

The concept of using public procurement to drive innovation on the market (commonly referred to as *public procurement of innovation* (PPI) or *innovation procurement*)⁹ is gaining considerable support and becoming a focal point for policy at local, national and European level.

Find out more – procurement of innovation

In addition to the information given in this Manual, dedicated guidance and a wealth of examples and other resources on public procurement of innovation are available at

www.innovation-procurement.org

A significant amount of research has been devoted to the topic, and dedicated agencies and support structures established. Innovation is understood in this context as the implementation of a new or significantly improved product (good or service) or process.¹⁰ It encompasses activities which may be new to the public authority or sector, or to the market as a whole.

The concepts of sustainability and innovation are often linked in procurement – indeed, it is the opinion of the authors that they must be linked. There are strong links between innovation and more sustainable performance – for example where new technology extends the lifetime of a product, or where better access to information means services to people can be performed more effectively and inclusively.

⁸ 2014/23/EU (the Concessions Directive), 2014/24/EU (the Public Sector Directive) and 2014/25/EU (the Utilities Sector Directive) – hereafter simply referred to as the 2014 Directives. References in the Manual are to the Public Sector Directive, however readers should note that many of the same possibilities for SPP exist under the other two directives.

⁹ The European Commission uses the term *innovation procurement* as an umbrella term for delivering deliver solutions to challenges of public interest – covering both innovation (PPI) (for the procurement of solutions that are nearly or already in small quantity in the market and do not need new R&D), and *pre-commercial procurement* (PCP) (when there are no near-to-the-market solutions yet and new R&D is needed)

– see www.ec.europa.eu/digital-single-market/en/innovation-procurement

¹⁰ OECD (2005) Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data 3rd Edition.

In seeking to identify more sustainable solutions to our procurement needs within the context of deep cuts to public budgets we need to embrace and encourage innovation on the market. If technical specifications, selection or award criteria suggest to bidders that they are not expected to propose new, more sustainable ways of doing things, they are unlikely to do so. At the same time, innovation must be placed within the context of sustainability – with an assessment of environmental and social impacts a key part of any development process.

1.3 Sustainable procurement: the benefits

Organisations implementing sustainable procurement report a range of benefits, including:

Meeting environmental policy goals

Procurement of construction, energy, transport and food has a particularly high carbon footprint – but every purchase generates some greenhouse gases. Addressing the climate impact of procurement is essential, not least due to reporting requirements and binding emissions reduction targets. Targeting early reductions may help to avoid costly supply chain disruptions or adaptation efforts later on.

Natural resources such as water, energy, fossil fuels and raw materials extracted or harvested from the earth account for a major part of procurement costs and impacts. Sustainable procurement aims to promote conservation, reuse and responsible management of these resources, using renewable or recycled materials where possible and reducing waste.

Meeting other sustainability policy goals

Government contracts have a demonstrated power to influence employment and labour conditions in the local region. Including apprenticeship requirements in a works contract, or working with suppliers to ensure community benefits, for example, can generate social returns. Reserving contracts for social enterprises or those which employ at least 30% disabled or disadvantaged workers is also possible under the 2014 Directives. Ensuring International Labour Organization (ILO) standards are met means that EU workers are not undercut by workers from abroad working to unacceptable terms and conditions.

At the global scale, promoting the concept of fair trade (explicitly highlighted within the 2014 Directives) as well as the ILO standards will help to promote fairer trading relationships and safer working conditions.

Financial efficiency

A common assumption is that sustainable procurement costs you more – however this does not stand up to scrutiny. Often differences in the purchase price between a non-sustainable and sustainable alternative are negligible. Yet even where the sustainable option costs more upfront, savings of energy, water and waste over the lifetime of the product or service can provide significant financial savings. Sustainable procurement

Regensburg benefits from sustainable procurement

Procura+ Participant City of Regensburg started implementing an Eco School Programme in 1999 to reduce water usage and waste production and has an adaptation programme for climate change in place. Its sustainable procurement activities have saved 10 million Euros in energy and water costs over a 15 year period.

Read the Regensburg Procura+ Profile [here](#).¹¹

¹¹ www.procuraplus.org/public-authorities/regensburg/

Procurement of energy efficient Desktop-PCs and Displays

Consip SpA¹² launched a framework contract for computers (Desktop-PCs and Displays) to ensure an efficiency performance that is 60% higher than computers produced according to the Energy Star Standard. Specifications and award criteria disclosed the parameters on energy efficiency and reduced noise emissions. The total lifetime electricity cost savings were € 2,300,000 for the whole contract.

Read the whole case study [here](#).¹³

policies can also help to redefine procurement needs in a way which reduces overall costs – for example by reducing demand, implementing more efficient systems or sharing resources with other organisations. Life cycle costing allows a more realistic appraisal of the total cost of ownership of any asset, for example, by accounting for fuel consumption when vehicles are purchased or calculating energy use and the time period until replacement will be necessary for lighting.

Reputation

Citizens are increasingly aware of sustainability issues and expect public authorities to lead the way in adapting their consumption accordingly.

Pressure to implement sustainable procurement from the general public through NGOs and advocacy groups is growing as awareness of environmental and social issues continues to rise. The increased availability of information, including about government contracts, can also create interest in issues which were previously less visible, such as supplier practices in developing countries.

Becoming a leader in this area can bring political benefits by demonstrating environmental, social and economic advantages, as well as generating a positive atmosphere for employees and contractors. The reverse is also true – if unsustainable procurement practices (such as the procurement of goods produced using child labour, or contributing to deforestation) are identified by local media, citizen groups or NGOs, this can have significant negative consequences on an administration's reputation.

Procura+ participants regularly win awards for their procurement:

- The Association of Flemish Cities and Municipalities (WSG) **honoured Ghent** for a painting contract in 2016.¹⁴
- Kolding won the Danish Green Purchasing award for the **procurement of hydrogen vehicles**.¹⁵
- Copenhagen's green procurement policy contributed to it being awarded **European Green Capital 2014**.¹⁶

Risk reduction

Organisations which actively implement sustainable procurement are less likely to be caught out when it comes to compliance with environmental and social legislation which applies to them directly or to suppliers. From energy-efficiency and product labelling, to the use of hazardous substances and compliance with employment and tax laws - the list of environmental and social legislation with which public authorities and their suppliers must comply is long. No public body wants to be in the headlines for illegal dumping, food contamination or the unethical treatment of workers at any stage in their supply chains. A strong sustainable procurement policy will help to identify such risks and minimise them

¹² www.consip.it/en/

¹³ www.gpp2020.eu/fileadmin/files/Tender_Models/GPP_2020_Tender_Model_-_Desktop_PCs_-_Italy_September_2015.pdf

¹⁴ www.sustainable-procurement.org/news/?c=search&uid=38e337e0

¹⁵ www.procuraplus.org/public-authorities/kolding

¹⁶ www.sustainable-procurement.org/news/?c=search&uid=62ec83bb

during procurement and contract management. By contributing to a more professional assessment and handling of risks, sustainable procurement can help reduce costs such as those linked to litigation or contract termination.

Socially responsible procurement in Southeast Norway Health Region

Procura+ Participant **Southeast Norway Health Region**¹⁷ takes an active role in ensuring acceptable working conditions and human rights for labour in their supply chain. This involves visits and inspections to factories. Results include a reduction in working hours for staff at an Indian textile factory, and much improved conditions for workers in a medical glove factory in Malaysia who previously had their passports removed, received low wages and worked in poor conditions.

View their video [here](#).¹⁸

Market transformation and innovation

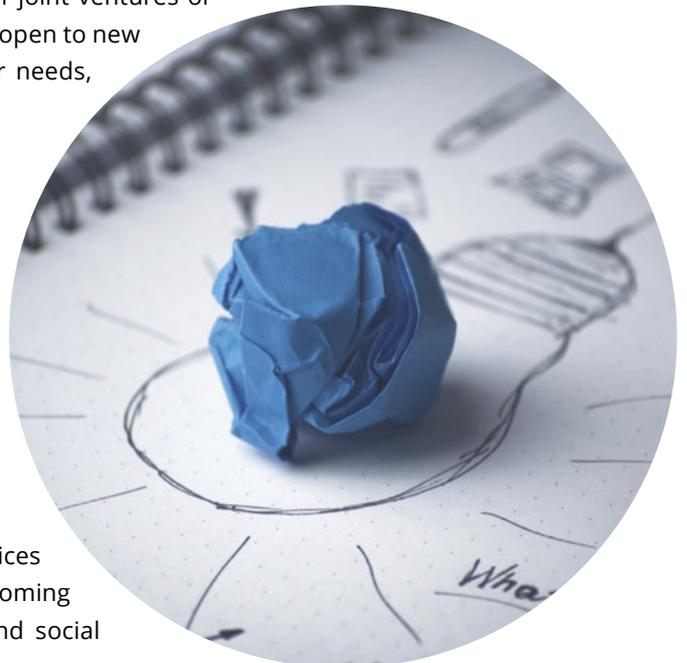
With public procurement accounting for some 14% of GDP in Europe,¹⁹ the public sector can be a major player when it comes to setting standards for products and services. One of the purposes of the Procura+ Network is to provide a way for public authorities to exchange practices and adopt similar approaches and criteria, joining forces to continually 'raise the bar'.

Adopting and implementing a sustainable procurement policy which specifically targets innovation helps to stimulate the local economy to develop marketable sustainable solutions, and ensure your organisation benefits from new technologies and processes as they develop. Where pre-commercial procurement or an innovation partnership is used, it may also lead to commercial opportunities in the form of joint ventures or licensing rights. It sends a message to suppliers that you are open to new ideas and allows solutions to be shaped to your particular needs, including your sustainability principles, as a customer.

A "quick win"

Whilst implementing a comprehensive sustainable procurement strategy requires time and resources (see **chapter II**), in many ways the implementation of sustainable procurement can be a simple process offering immediate benefits. Procurement is always happening within a public administration, and given the amount of support available today it will often be a rather straightforward process to include sustainability considerations for many products and services.

The quality and availability of sustainable products and services on the market continues to grow at a rapid rate, with costs coming down accordingly. The wide coverage of environmental and social



¹⁷ www.procuraplus.org/public-authorities/southeast-norway-health-region

¹⁸ www.vimeo.com/112149202

¹⁹ European Commission (2015) Public Procurement Indicators 2013

product labels at national and international levels (e.g. Organic, FSC/PEFC,²⁰ Nordic Swan, Blue Angel, EU Flower, Fair Trade) offers a helpful path to implementing sustainable procurement initiatives (see section on Using Labels in Chapter III).

There are now many examples of good practice detailing how public authorities have dealt with challenges and found solutions when implementing sustainable procurement, which can be replicated. A selection of examples can be found on the **Sustainable Procurement Platform**²¹ and on the **European Commission's GPP website**.²²

1.4 Opportunities under the 2014 Procurement Directives

The 2014 Directives open up a number of opportunities for sustainable procurement, while maintaining the basic requirements of competition, transparency and equal treatment. The reform is linked to the Europe 2020 strategy for smart, sustainable and inclusive growth,²³ which identified public procurement as one of the market based instruments needed to achieve the 2020 objectives for employment, climate change and energy sustainability, research and development, education and poverty reduction.²⁴

The 2014 Directives provide a wide range of opportunities to implement sustainable procurement:

- Environmental, social considerations and innovation may be taken into account when public contracts are awarded and performed, provided these considerations are linked to the subject matter of the contract (i.e. they relate to the product/service/works being bought or their process of production but not the supplier more generally).
- The ability to specify production methods (e.g. organic, electricity from renewable sources, or chlorine-free bleaching) is confirmed.
- More detailed rules on the use of life cycle costing and use of environmental and social labels are laid out.
- Compliance with the ILO core conventions and certain international environmental conventions can also be ensured, with the possibility to exclude suppliers who cannot demonstrate this.
- Fair trading conditions can be taken into account in award criteria.
- Many of the legal challenges which have confronted sustainable procurement have been clarified – although some new ones may also appear.

The detailed provisions and what they are likely to mean in practice are discussed in detail in **Chapter III**.



²⁰ Forest Stewardship Council/Programme for the Endorsement of Forest Certification

²¹ www.sustainable-procurement.org/

²² www.ec.europa.eu/environment/gpp

²³ COM (2010) Europe 2020: A strategy for smart, sustainable and inclusive growth

²⁴ The specific targets adopted, and Europe's progress to date, can be seen at: www.ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy

1.5 Challenges and solutions

Although the benefits and opportunities of sustainable procurement are clear and widely recognised, a number of specific technical challenges remain:

Lack of understanding of the benefits of sustainable procurement amongst politicians and budget holders – Public procurement is subject to many pressures – from cutting costs to meeting the demands of internal users and the public. If there is little political support or resources available for sustainable procurement, it can easily slip down the agenda. The potential benefits outlined above are still often not well understood or recognised by those with decision making responsibilities.

Solution: Participating in the Procura+ Network – or any of the many other initiatives and projects taking place across Europe – can greatly help to secure an ongoing political commitment and visibility for sustainable procurement. It can also help to identify relevant sources of funding. Organising internal information workshops and sharing best practice from other administrations can be very helpful mechanisms to increase support. **Chapter II** presents guidance on building the case and gathering support for sustainable procurement.



Lack of clear definitions – Many procurement professionals still struggle to define what an “environmentally and/or socially preferable” product or service is, and how to include demands when publishing a tender opportunity.

Solution: The European Commission has **recommended GPP criteria**²⁵ for 21 product/service groups which may be used by any public authority in Europe. Many public procurers also use the social and environmental criteria underlying sustainability product labels and certification schemes for definitions. A number of other sources for criteria exist nationally and internationally. **Chapter III** provides advice on specific sustainable procurement techniques which can be used at each stage of the tender process, and **Chapter V** gives an overview of sustainable procurement approaches for six high-priority product groups. The Procura+ Network **twinning programme**²⁶ and **interest groups**²⁷ also offer an opportunity for public authorities to exchange on specific criteria used.

Changing the 'lowest price only' mindset – A key challenge identified by many public sector organisations is changing perceptions regarding the true cost or value of a purchase – particularly where only purchase price is assessed rather than life cycle costs. Working with annual budgets, which do not incentivise long-term savings, and having budgetary responsibility for different costs (purchase price and electricity consumption during use, for example) split between different departments compound this issue.

²⁵ www.ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

²⁶ www.procuraplus.org/twinning

²⁷ www.procuraplus.org/interest-groups



Solution: Providing simple information on the financial benefits of using life cycle costing can help to overcome such perceptions, and many of the case studies contained within the **Sustainable Procurement Platform**²⁸ and on the **European Commission's GPP website**²⁹ have information on overall financial cost impacts. Several tools for calculating life cycle cost are now also available, such as the **Clean Fleets LCC tool**³⁰ for vehicle procurement, or the **SMART SPP LCC tool**³¹ for all forms of energy using products. More information on this is provided in **Chapter IV**.

Missing market intelligence – The market for sustainable products and services is developing rapidly, and many public sector organisations do not have the dedicated capacity to keep up. It can be difficult to make a business case for sustainable procurement when market intelligence is missing.

Solution: Preliminary market consultation, which may take several different forms, is a good way to identify the costs, risks and benefits of sustainable and/or innovative solutions in advance of publishing a tender opportunity. It can also contribute to a better choice of procedures. Tips and techniques for pre-procurement, including detailed advice on market engagement, are presented in **Chapter III**.

Inflexible procedures and attitudes – Most organisations have defined procedures and processes in place to govern procurement – and these can sometimes be inflexible. Staff can also be resistant to change and opening-up to innovative ideas and new suppliers. The ease with which sustainable procurement can be integrated into these systems varies, and may require high-level management decisions.

Solution: The simple Procura+ Management Cycle presented in **Chapter II** is designed to help manage implementation effectively – a key part of this process is effective involvement of and communication with all relevant internal stakeholders, and finding incentives to implement sustainability. As a result of the change to the EU Directives, some rethinking of processes and e-procurement systems will be necessary in any case, making this a great time for change.

Lack of internal communication and support – Procurers need support from technical experts and other internal units in order to get the best outcomes on sustainable procurement. Existing communication structures may hamper this process, or may discourage more long-term cooperation between teams.

²⁸ www.sustainable-procurement.org

²⁹ www.ec.europa.eu/environment/gpp

³⁰ www.clean-fleets.eu/fileadmin/files/documents/Publications/LCC_tool_Aug_2015/Clean_Fleets_LCC_tool_-_EN.xlsm

³¹ www.smart-spp.eu/index.php?id=7633

Solution: Adopting a sustainable procurement policy as described in **Chapter II** can help to establish the importance of communication and lines of responsibility. Cross-functional teams can be a good way of addressing the various questions which may come up when evaluating sustainability considerations – for example a team of engineers, accountants, environmental officers, drivers and procurers would be well placed to advise on a tender process for low-carbon vehicles.

Sharing solutions to sustainable procurement challenges

Procura+ Participants all face a variety of challenges and regularly share their solutions with the network.

- **Helsinki**³² and **Rotterdam**³³ both have a target for 100% sustainable procurement for 2020. Not all departments in the cities are at the same level of delivering sustainable procurement. Focused training and guidance for these departments ensures that staff will be skilled to make procurement sustainable.
- **RGO**³⁴ (Réseau Grand Ouest) finds that sustainable procurement is sometimes considered to be a constraint rather than an opportunity. RGO as a network overcomes this by sharing best practice, exchanging knowledge and working together on sustainable solutions. This helps to change mindsets within the individual public authorities.
- The coordination and expansion of the **Barcelona City Council**³⁵ +Sustainable City Council Programme (+SCC) to encompass the whole municipal institution is one of their biggest challenges. Barcelona's commitment is put into action by providing council staff with appropriate technical support, awareness raising and training activities, and networking. Find out more [here](#).³⁶



Misinformation and misconceptions – Despite efforts to mainstream sustainable procurement, it is still seen as a 'special interest' in some organisations. Common misconceptions are that sustainable products, works, and services are inferior, cost more, or are not readily available.

Solution: For sustainable procurement to succeed, the practical problems of raising awareness, training and educating procurement professionals must be addressed. It will also help to have a high-level champion or two for sustainable procurement – to help build support for the benefits and overcome any challenges encountered.

³² www.procuraplus.org/public-authorities/helsinki

³³ www.procuraplus.org/public-authorities/rotterdam

³⁴ www.procuraplus.org/regional-networks/reseau-grand-ouest

³⁵ www.procuraplus.org/public-authorities/barcelona-city-council

³⁶ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue61_Case_Study_124_Sustainable_City_Barcelona.pdf

The Procura+ Network – addressing the challenges

The Procura+ Network has introduced a number of exchange activities, designed to help participants share the challenges faced, such as those presented above, and develop common solutions:

- **City twinning** – facilitating in-depth peer-to-peer exchange between two participants.
- **Interest groups** – bringing together participants to collaborate on a specific sustainable procurement topic of common interest, such as market engagement, or school catering procurement.
- **Seminars and webinars** – providing further opportunities for face-to-face, or online communication on key issues.

Find out more about these activities [here](#).³⁷

1.6 What this manual contains

Chapter II: Managing sustainable procurement in your organisation – presenting a simple implementation model for ensuring the systematic inclusion of sustainability considerations in procurement, including:

- preparation – how to build the case and gather support for sustainable procurement, and;
- establishing targets, developing and implementing an action plan, and monitoring and reviewing results.



Chapter III: The procurement process: Integrating sustainability and innovation – offering clear guidance on how to integrate sustainability criteria into the procurement process under the 2014 Directives – from preliminary market consultation to technical specifications, selection and award criteria, and contract clauses.

Chapter IV: The real costs of procurement – an introduction to the concept of life cycle costing (LCC), evidence regarding the costs of sustainable procurement and advice on how to keep costs down.

Chapter V: Key sectors for sustainable procurement – an overview of sustainable procurement approaches for six key products, works and services: construction, IT equipment, cleaning products, food, vehicles and electricity – including information on the available criteria.

Chapter VI: Procura+ European Sustainable Procurement Network – introducing the aims and activities of the Network.

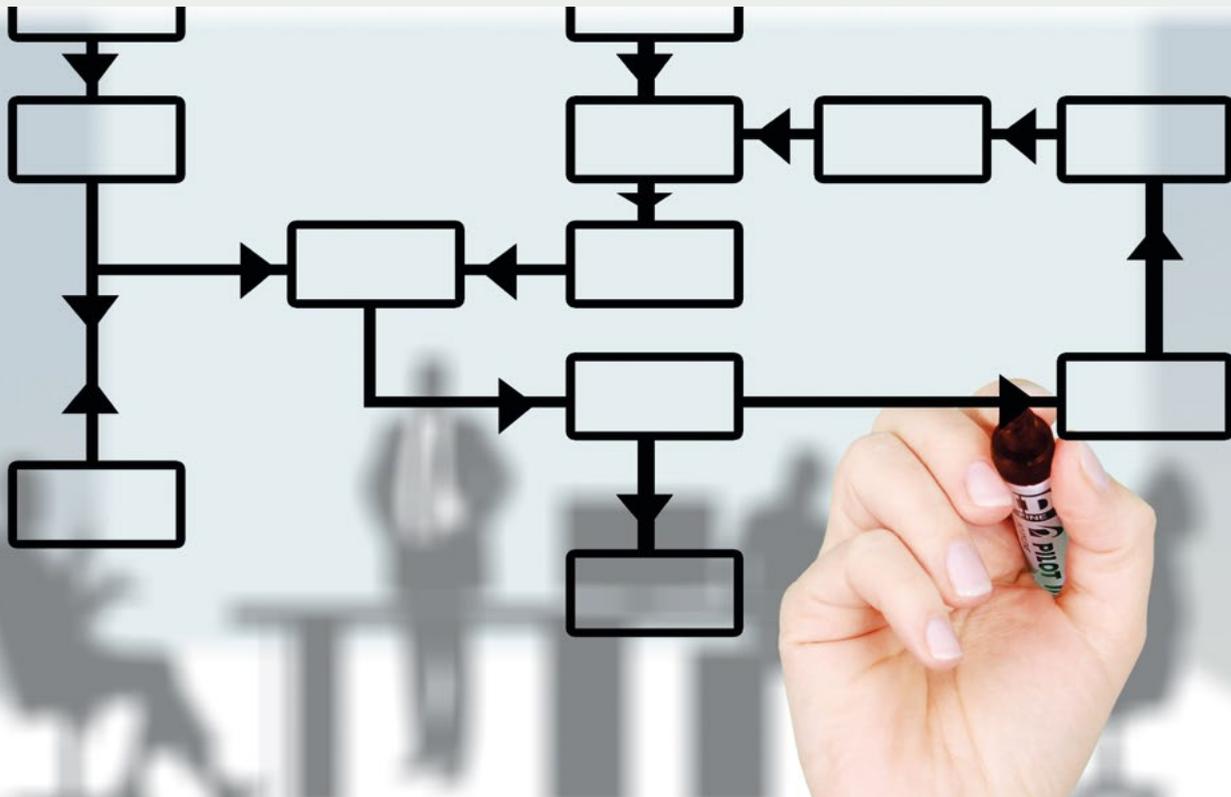
³⁷ www.procuraplus.org/activities

Other dedicated sustainable procurement resources

Since the publication of the last edition of this Manual in 2007, many new online resources have become available to support the implementation of sustainable procurement. The following are particularly useful:

- **Sustainable Procurement Platform » www.sustainable-procurement.org**
A one-stop shop for resources on sustainable public procurement (e.g. criteria, guidance, case studies).
- **The Procurement Forum » www.procurement-forum.eu**
A space for procurers and related stakeholders to discuss, share and connect. Documents, images and videos can be uploaded and questions or comments posted. Users can also create groups to coordinate projects.
- **Procurement of Innovation Platform » www.innovation-procurement.org**
An online hub that helps public authorities, procurers, policy makers, researchers and other stakeholders harness the power of public procurement of innovation (PPI) and pre-commercial procurement (PCP).
- **European Commission GPP website and Helpdesk » ec.europa.eu/environment/gpp**
Criteria, guidance and examples, as well as policy and legal background on GPP. The Helpdesk service exists specifically to assist public authorities and others who have queries about implementing GPP. It is free of charge and the Helpdesk can be contacted by e-mail (gpp-helpdesk@iclei.org) or telephone (+49 761 368 920).
- **Sustainable Consumption and Production Clearinghouse » www.scpclearinghouse.org**
The Sustainable Consumption and Production Clearing House is maintained by the United Nations Environment Programme (UNEP) to provide information on the UN's **10-year Framework of Programmes on Sustainable Consumption and Production**.³⁸ It contains a number of resources specific to public procurement.
- **Eafip (European Assistance for Innovation Procurement) Toolkit » www.eafip.eu/toolkit**
Eafip provides support to policy makers in designing PCP and PPI strategies, and to procurers and their legal departments in implementing such procurements.

³⁸ www.unep.org/resourceefficiency/Policy/SCPPoliciesandthe10YFP/The10YearFrameworkProgrammesonSCP.aspx



CHAPTER II

MANAGING SUSTAINABLE PROCUREMENT IN YOUR ORGANISATION

This chapter presents the Procura+ Management Cycle which offers a simple, flexible, yet comprehensive management system for implementing sustainable procurement in a public authority.

Implementing sustainable procurement can start with some very simple steps, without the need for a comprehensive strategy. However, having a well-developed management system in place will help to ensure that sustainability is effectively and systematically integrated into your procurement activities over the longer term – with clear targets, responsibilities and continuous improvement.

The Procura+ Management Cycle has been developed building on the years of experience of Procura+ participants in sustainable procurement implementation. It is not intended as a one-size-fits-all model, as all administrations are different. It is rather designed to provide some hints and tips to help shape your own management approach.

The advice provided here is relevant for any administration – whether just starting out with sustainable procurement, or with many years of implementation experience.



Fig 2. The Procura+ Management Cycle

2.1 Building the case for sustainable procurement

Introducing sustainable procurement into an organisation can be a daunting task. *Where do you begin? Who do you approach for advice and support? How do you convince colleagues that this will benefit the organisation? Which departments will be responsible and responsive to the new ideas? Is sustainable procurement being done in the organisation already?*

An important first step in this process is to build the case for sustainable procurement by showing how the organisation would benefit from formally implementing a wider reaching sustainable procurement policy and strategy. This section outlines some of the benefits, and techniques and strategies for doing this.

What are the benefits of sustainable procurement?

Getting buy-in for sustainable procurement from stakeholders, including key decision-makers, budget-holders and procurement practitioners, is crucial for ensuring it is fully implemented in an organisation. The first question most people will ask is: why should we do this?

Making sure you understand the benefits of sustainable procurement is therefore essential. **Chapter 1** of this Manual outlined the wider benefits of sustainable procurement, which include:

- meeting sustainability policy goals – on climate change, energy efficiency, air quality, reducing unemployment and social exclusion etc.;
- increasing financial efficiency;
- enhancing organisational reputation;
- reducing the risk of non-compliance with legislation; and
- encouraging innovation and the development of competitive sustainable solutions in your region.

Find out more - the benefits of sustainable procurement:

www.sustainable-procurement.org/why-spp/
www.ec.europa.eu/environment/gpp/benefits_en.htm

Find out more – case studies available online

There are many sustainable procurement case studies available online, where you can find examples relevant to your situation:

- The **GPP 2020** project published over **100 case studies**³⁹ on individual tenders, providing quantified data on the CO₂ savings achieved.
- The **European Commission** has been publishing **good practice examples**⁴⁰ since 2010.
- The **Procura+ Network** has **activity profiles**⁴¹ on each participant that can act as a good starting point.
- Many more case studies can be found in the **Resource Centre**⁴² of the **Sustainable Procurement Platform**.

Are there any related policies?

Sustainable procurement is a tool which can be used to address a wide variety of policy goals – from supporting small business development and getting the long-term unemployed back into work, to achieving energy efficiency gains or enhancing sustainable urban mobility. Identify existing policy goals which you can link to sustainable procurement implementation – both at the organisational and national level. These can help to gather support, and potentially form the starting point of a full sustainable procurement policy (see **Gathering support** section below).

Does it work in practice?

A good way to demonstrate the effectiveness of sustainable procurement is by presenting decision-makers with real-life examples from other public administrations. Often when decision-makers see something work successfully in a similar organisation, the perception of risk is lowered.

What are we already doing?

Taking a step back and looking at the existing procurement systems and practices is a good way to get started. Many organisations find that the basic foundations of sustainable procurement are already in place. By speaking to people across the organisation who are involved in procurement you may well discover previous purchases of sustainable products/services or tenders that include sustainability criteria. Particularly in an organisation that is more decentralised these examples may not be widely known. Being able to showcase internal successes is a highly effective approach to gaining further support and enthusiasm.

Southeast Norway Health Region shows the benefits of sustainable procurement

Procura+ Participant **Southeast Norway Health Region**⁴³ first experimented with socially responsible procurement to show management that sustainable public procurement is possible and, indeed, beneficial. The procurement team continually aim to demonstrate the business case for sustainable procurement so that it can be applied in a wider way across the organisation.

How is procurement organised?

The way the organisation is set up to procure goods and services is an important factor in determining the approach to sustainable procurement, and important to properly understand when building the case. Procurement structures and processes vary enormously from organisation to organisation, and also often between product/service categories within the same organisation. How centralised is procurement? Is there a dedicated central procurement team and which purchases is it responsible for? Is a category management approach implemented (see **box**)? Are there specialised procurement staff, and what form of training do they receive? What is the relationship between budget holders, end users and procurement staff, and what influence does each group have within the procurement process?

³⁹ www.gpp2020.eu/low-carbon-tenders

⁴⁰ www.ec.europa.eu/environment/gpp/case_group_en.htm

⁴¹ www.procuraplus.org/public-authorities

⁴² www.sustainable-procurement.org/resource-centre

⁴³ www.procuraplus.org/public-authorities/southeast-norway-health-region

Taking time to understand this picture allows you to identify sustainable procurement influencers and champions. It is critical to make sure you have support from politicians, policy-makers, procurers, and, in particular, financial decision-makers, as well as potentially key suppliers. Where resources allow, it may be beneficial to carry out a more thorough survey of procurement arrangements for individual product/service sectors – see the **Baseline Inventory under Step 1**. By carrying out the survey, it will allow for a more objective overview of where the critical paths to sustainable procurement implementation may lie, and help you to focus your activities.

Category management

Categorising is the grouping of similar goods, services and works that are purchased by an organisation, such as cleaning products or vehicles. Category management is the process of managing these categories in a way that uses the internal experience and expertise of users and buyers, and facilitates better proactive planning such as analysing and engaging with the market.

This approach can allow a public authority to examine and act on the sustainability of the entire spend in specific product/service areas, across different departments. This examination can include looking at how the organisation uses the products or services within the category and what sustainability measures could be taken, and the sustainability of the marketplace and individual suppliers.

Summary – Building the case for sustainable procurement

Before moving on to the next preparation activity:

1. What are the benefits of sustainable procurement to your organisation? Have you prepared the case to take to decision- and/or policy-makers?
2. Have you identified any related policies which can be supported by sustainable procurement?
3. Have you surveyed the organisational arrangements and identified the procurement structures within the organisation? Where do the best opportunities for implementation lie?



2.2 Gathering support

Having the necessary political support for the implementation of sustainable procurement is critical to success. Experiences across Europe demonstrate very clearly that without political backing it can be difficult for those committed to implementation to get effective co-operation from other colleagues, particularly those in other departments.

Sustainable Procurement Policy

The existence of a written sustainable procurement policy provides a useful basis on which to build a coherent, well co-ordinated, structured approach. Elected officials should be responsible for maintaining political commitment to sustainable procurement. Without



such policy efforts the process tends to be rather piecemeal and based on the personal efforts of certain staff members. Furthermore, encouraging those with purchasing responsibilities to include sustainability considerations in their procedures without clear policy statements can prove difficult. A policy gives backing to those driving the process within an organisation.

Political backing through policies can take different forms:

- **General commitment to implementing sustainable procurement** – for example a statement within a procurement policy committing the authority to consider environmental and social issues in procurement.
- **Commitment to implementing sustainable procurement within a related policy** – for example, as part of a climate change mitigation, or regional development policy.
- **Comprehensive sustainable procurement policy** – the preparation of a more comprehensive approach, containing clear targets. This is a more effective way to ensure sustainable procurement is adopted by those the policy is targeting (sustainable procurement policy examples from the Procura+ Network can be found on the next page).



Policies can be overarching for the organisation, or specific to product/service categories or departments.

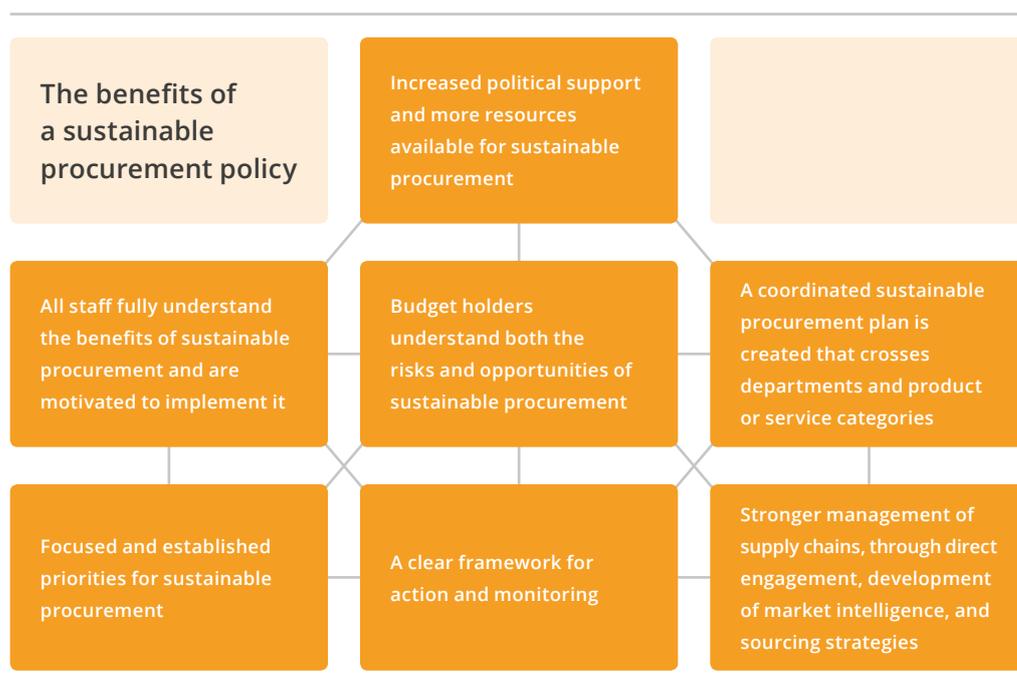


Fig 3. The benefits of a sustainable procurement policy

It is useful to consider where your organisation currently is in terms of sustainable procurement and sustainability policies in general, and where it wants to go. As described in the **Building a case** section above, linking sustainable procurement to wider sustainability (or other) policies can be a useful starting point. For example, Cornwall Council drew upon the Council’s existing sustainability policy and considered it in relation to their procurement ambitions (see box). They also asked themselves: where could sustainable procurement contribute to the sustainability policy aims?

Policy examples from Procura+ Participants

- **Kolding**⁴⁴ – a European frontrunner for sustainable procurement, first implementing GPP in 1998. The GPP policy was revised in 2012.
- **LIPOR**⁴⁵ – involved in streamlining sustainable public procurement at a national level in Portugal through communicating the benefits and implications of LIPOR's sustainable procurement policy.
- **Oslo**⁴⁶ – responsible public procurement is one of the six sub-goals of the Procurement Strategy. A revised Procurement Policy is valid from 2017.
- **Barcelona City Council**⁴⁷ – sustainable procurement initiatives are detailed in the +Sustainable City Council (+SCC) Programme, which is part of Barcelona's Agenda 21.
- **Copenhagen**⁴⁸ – the CPH 2025 Climate Plan recognises procurement as having a role to play in the transformation to a carbon neutral city.
- **Cornwall Council**⁴⁹ – the Responsible Procurement Policy covers all areas of procurement within Cornwall Council and influences the way goods, works and services are sourced.
- **Tampere**⁵⁰ – the Environmental Policy, which was approved by the Tampere City Council in 2012, covers objectives for SPP.
- **Brussels Environment**⁵¹ – has had a Green Purchasing Policy in place since 2009.
- **Aalborg**⁵² – Sustainable Procurement Policy translates the City's Environmental Policy and other requirements into concrete sustainability commitments that are observed throughout the management of the entire procurement process.

A sustainable procurement policy could also be linked to national policy where it exists, in order to give it stronger backing at local or organisational level. This also involves looking beyond specific sustainable procurement policy – it is possible to link an organisational sustainable procurement policy to national policies that direct procurement towards value for money, whole life costing, or other related approaches.

A sustainable procurement policy is something that is continually developed and revised, so a first version is simply the start of the process of embedding sustainable procurement into your organisation. As you become more experienced and skilled at implementing sustainable procurement in different product and service sectors, and monitoring and analysis becomes stronger, then the policy will evolve to match the sustainable procurement level and ambition.

⁴⁴ www.procuraplus.org/public-authorities/kolding

⁴⁵ www.procuraplus.org/public-authorities/lipor

⁴⁶ www.procuraplus.org/public-authorities/oslo

⁴⁷ www.procuraplus.org/public-authorities/barcelona-city-council

⁴⁸ www.procuraplus.org/public-authorities/copenhagen

⁴⁹ www.procuraplus.org/fileadmin/user_upload/City_files/Cornwall/141016_RP_Policy_v0_29NT.pdf

⁵⁰ www.procuraplus.org/public-authorities/tampere

⁵¹ www.procuraplus.org/public-authorities/brussels-environment

⁵² www.procuraplus.org/public-authorities/aalborg/

Sustainable procurement policy in Cornwall, UK

In 2013 Procura+ Participant **Cornwall Council**⁵³ launched a Corporate Responsible Procurement and Commissioning Policy. The policy covers why sustainable procurement is beneficial, who is responsible, and how sustainable procurement is implemented and monitored. The policy includes areas such as:

- Purpose
- Scope
- Policy statement
- Key policy principles
- Communicating, monitoring and reporting
- Reviews

You can view the full policy [here](#).⁵⁴

Dialogue and communication

Whatever form of policy, strategy or commitment your organisation develops to gather support and buy-in from across the organisation, it is important to have continual dialogue with all those involved. People do not generally like change to their working practices, so the more open and honest you are at the start of the sustainable procurement implementation process and the more you can involve them, the more likely colleagues are to support any changes.

Dialogue should involve all key stakeholders who would be involved in and/or influence sustainable procurement implementation – both key decision makers and budget holders, and those involved in day-to-day implementation.

A good starting point for internal discussions could be: what would sustainable procurement ideally look like in my organisation? Talk to colleagues in procurement, in financial departments, in the dedicated sustainability team if you have one. The following prompts may help:

- What would success look like and how would it be measured?
- Where would sustainable procurement fit into our organisational structure?
- What resources would be required for implementing sustainable procurement?
- Would a sustainable procurement policy be required?

These questions will be covered in more detail later on, but considering them at this early stage will help to engage others and strengthen the initial case for sustainable procurement. This process will also help to consider what the gap is between where you want to be and where you currently are regarding sustainable procurement. What is achievable in the short-, medium- and long-term? What is realistic within your political setting and with the resources available? **The box opposite** shows the experience of Procura+ Participant Barcelona City Council as they continue to evolve their sustainable procurement ambitions from focused programmes to wide-reaching policies.

Another important element of effective dialogue is to listen to colleagues' concerns about sustainable procurement. Typical uncertainties include perceptions that it will increase

⁵³ www.procuraplus.org/public-authorities/cornwall

⁵⁴ www.cornwall.gov.uk/responsibleprocurement

Evolving sustainable procurement ambitions in Barcelona City Council, Spain

Procura+ Participant **Barcelona City Council**⁵⁵ has evolved its Procurement ambitions since it first made a commitment to purchasing green office equipment in 2001 to its latest Policy in 2013. This was done with the support of the Procura+ Network and Procura+ Strategic Partner **Ecoinstitut**.

- **2001** – Creation of the **Green Office Programme**, which supported the introduction of environmental criteria in regular office supplies purchases.
- **2006** – Green Office Programme evolved to become the + Sustainable City Council Programme. This was introduced to foster awareness of municipal services and to build environmental, social and ethical criteria into decision making processes. The city hosts the **EcoProcura Conference**.⁵⁶
- **2010** – The **Sustainable City Council Convention** was launched. The Convention was a participative process to not only evaluate past actions but also to define common future objectives and actions and how to achieve them.
- **2013** – Enactment of **Municipal Decree for Responsible Public Procurement**. Integrating green requirements is now compulsory for all contracting bodies tendering for **12 high priority procurement categories**.⁵⁷
- **2015** – Barcelona City Council continues to evolve its sustainable and innovation procurement through **GPP 2020**⁵⁸ case studies, co-hosting the **Procura+ Seminar 2015**,⁵⁹ and adopting Technical Instructions for the Application of Sustainability Criteria (2015) for the 12 high priority procurement categories.

their workload, concerns about their lack of sustainability experience, and worries about the unknown or risks of opening-up to new suppliers. Making sure people are ready and know what their responsibilities will be can be a big help at this stage. This is also where workshops and training can play a big role.

Regional and European networking

Exchanging with peers in other public administrations – regionally, nationally and internationally – can be a great way to get practical support in developing your approach to sustainable procurement, as well as in understanding challenges and identifying opportunities and effective strategies. Using networks to profile your successes on a wider stage is also a useful tool for building internal support – at both the political and technical level.

Find out more – regional and European networking

The **Procura+ Network**⁶⁰ provides participants with direct, practical support, and also promotes participants achievements. The **SPP Regions**⁶¹ project is focused on developing sustainable procurement networks at the regional (sub-national level). Contact ICLEI on procurement@iclei.org for more information.

⁵⁵ www.procuraplus.org/public-authorities/barcelona-city-council

⁵⁶ www.ecoprocura.eu/barcelona2006

⁵⁷ www.ajsosteniblebcn.cat/en/greening-of-contracts_3929

⁵⁸ www.gpp2020.eu/low-carbon-tenders

⁵⁹ www.procuraplus.org/events/procura-seminar-2015

⁶⁰ www.procuraplus.org

⁶¹ www.sppregions.eu

Regional networking in Réseau Grand Ouest, France

Procura+ Participant **Réseau Grand Ouest**⁶² (RGO) is a sustainable procurement network with around 100 members – all public authorities from the West of France. RGO has working groups for specific sectors, which meet on regular basis to support each other. This can include sharing of knowledge and ideas, good practices and case studies, tender criteria, market activities, and measuring and reporting methods. The network also offers sustainable procurement training for elected officials and those in charge of purchasing budgets, raising awareness of sustainable procurement and helping them to implement sustainable procurement policies.

Summary – Gathering support for sustainable procurement

Before moving on to the Procura+ Management Cycle:

1. Have you mobilised political support for the sustainable procurement changes?
2. Is there a sustainable procurement policy in place? If yes, is it sufficient to help with implementation? If no, what other procurement or sustainability policies can be linked to any new sustainable procurement Policy to make sure it has influence?
3. What methods will you use for gathering support and making sure colleagues are ready for the new approaches to procurement?

2.3 The Procura+ Management Cycle

The Procura+ Management Cycle presents a standard management approach – putting in place an implementation strategy with established goals and action plan, implementing that strategy, and then reviewing performance before starting again with the updating of the strategy.

The model represents a standardised approach, but of course each administration has different procedures and structures, as well as different levels of experience – therefore this should be seen as providing flexible guidance rather than as a prescriptive model. Steps 1 and 2 (set scope and targets, and develop an action plan), for example, will likely happen at least partly in parallel. The results of these steps may be codified in a sustainable procurement strategy document, or incorporated into a politically agreed sustainable procurement policy, or they may remain as an internal blueprint for action.

⁶² www.procuraplus.org/regional-networks/reseau-grand-ouest

Step 1 – Set scope and targets

The starting point for developing your sustainable procurement strategy is to set the strategic direction by determining what your goals are. There are two central elements to this:

- Scope – which of your organisation's procurement actions are covered by the strategy, in terms of:
 - » Product/service category – which are you focusing on?
 - » Coverage – does it cover the whole organisation or only certain departments?
- Targets – what targets are you setting, and what key performance indicators will you have for determining success?



Setting the scope

Public authorities buy an enormous range of goods, works and services. It is unlikely you will be able to address all categories, at least initially. It is therefore an important first step to identify priority categories. A number of factors should be taken into account, including:

- environmental, social and economic priorities;
- the budgetary importance of certain product/service groups;
- level of skills and resources available for implementation;
- existing experience in procuring sustainably;
- significant contract renewals;
- market availability of sustainable alternative products/services at a competitive price; and
- political or legal drivers, such as national legislation or standards.

Determining which parts of the administration are covered by the strategy is also an important consideration. You may wish to focus your activities on a particular department(s) where your colleagues are particularly enthused about sustainable procurement, or where there is already a track record in procuring sustainably and the buy-in is there. Being able to demonstrate success within one department will make it far easier to gain support for a roll-out across the administration at a later stage.

This will also allow you to test your approach, including potentially the introduction of new monitoring mechanisms.

Having a detailed understanding of the current procurement practices for specific product/service categories is an important starting point in this selection process, setting targets and also in establishing your **Action Plan in Step 2**. The Baseline Inventory below presents a comprehensive set of questions to be considered – both in relation to the way in which procurement is carried out, and on your current sustainability performance. It is likely that the questions in the second of these sections will be challenging to answer (particularly the last one), and this may be a good opportunity to explore opportunities to establish appropriate monitoring mechanisms.

Where time and resources allow you can carry out this survey for a wide range of product/service categories across all departments, and use the results to help select priority categories and organisational coverage. Alternatively you may wish to carry out a more limited survey by making a pre-selection of high potential categories and/or departments.

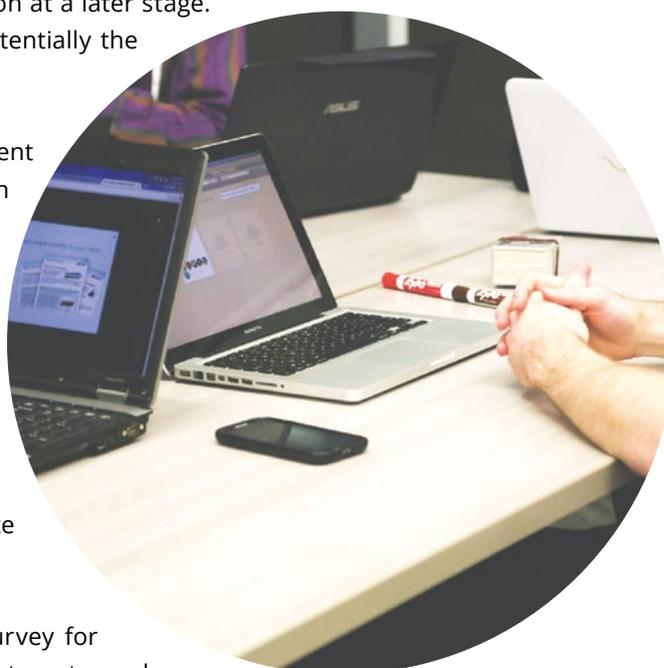


Table 1: Baseline Inventory

<p>Purpose</p>	<p>These questions help to:</p> <ul style="list-style-type: none"> a) Identify who is involved in the decision-making process for procurement, and therefore who should be involved in sustainable procurement activities. b) Identify whether long-term existing contractual arrangements with suppliers are in place. If they are, other product/service groups should be tackled first. c) Set a baseline for your sustainable procurement targets.
<p>Questions – procurement process</p>	<ul style="list-style-type: none"> 01) Who is responsible for the purchasing of the products/ service? Is purchasing centralised? 02) Who are the key budget holders (i.e. who make the final budget and spending decisions)? 03) Which departments use the product/service? 04) What influence does the department using the product/service have on the procurement process, including the characteristics of the product/service bought? 05) If environmental and/or social aspects are considered in procurement, who provides the criteria? 06) Who writes the tender documents? 07) Who is involved in evaluation of tenders? 08) Who manages the contracts? 09) Are there existing contracts in place with suppliers? Until when do the contracts run? 10) What systems are in place for monitoring and reporting on procurement (e.g. financial accounting systems)? Could these systems be used to record environmental and social data?
<p>Questions – baseline performance</p>	<ul style="list-style-type: none"> 11) What is your current spending on the product / service? 12) How many contracts are tendered annually? 13) What proportion of your procurement includes sustainability criteria – in terms of a) spending, and b) number of contracts? 14) (If known) What are the quantified impacts of the sustainability criteria applied (e.g. CO₂ savings, SMEs supported, jobs created, reductions in particulate emissions etc.)?

Chapter V presents an overview of the sustainable procurement criteria which are available for six key product and service groups:

1. Construction
2. ICT (information and communication technology)
3. Cleaning
4. Food and catering
5. Vehicles
6. Electricity

Due to the high environmental impacts and the availability of sustainable procurement criteria, it is recommended that a sustainable procurement strategy includes one or more of these groups.

The Basque Government's Green Public Procurement Programme 2011-2014 (see box) was the tool used to consolidate its green procurement activities. The Programme prioritised certain product and service areas for more ambitious green targets than others, based on previous initiatives. The case study of Barcelona City Council (in the **Gathering support section above**) shows how the sustainable procurement Programme started with a focus on office supplies and over time expanded to include 12 product categories.



Target setting

Clearly communicated targets are important in providing strong political support to those responsible for implementation. They also clearly help to demonstrate your commitment to the general public and provide a framework for measuring progress.

If your authority is developing a comprehensive sustainable procurement policy, the targets set should ideally be included directly in the policy document.

If you already have a policy which does not contain specific targets, these can be set as internal operational targets, but should be committed to from as high a decision-making level as possible within your authority.

If you have completed one full management cycle and have reached this Step for the second time, many of your targets are likely still valid. However, you should consider how the targets can be increased in ambition and impact. If you are targeting new products/services you will of course need to set new targets for those.

To be most effective targets should be SMART:

- Specific – target a specific area for sustainable procurement implementation.
- Measurable – quantify (or at least involve) an indicator of progress in sustainable procurement.

Basque Government Green Public Procurement Programme (Programa de Compra y Contratación Pública Verde) 2011-2014

Developed for departments and public companies of the Basque Government, this document sets out the goals, including environmental criteria in procurement and contracting of certain product groups in a sustainable manner. The Programme consolidated the work done so far in purchasing and green procurement by the Basque Government through the Public Environmental Management Company **Ihobe**⁶³ (a Procura+ Participant).

Evaluation of the Program concluded that for the second program launched in 2015, output targets must be a mix of common compulsory targets for certain prioritised product/service groups and optional targets for other groups specific to each organisation. Having reasonable but challenging targets motivates and drives agencies to better perform.

⁶³ www.procuraplus.org/public-authorities/ihobe

- Achievable – results can realistically be achieved, given available resources.
- Relevant – make sure the target(s) is linked to your sustainable procurement ambitions.
- Time-related – specify when the result(s) can be achieved.

Examples of possible product targets are provided in the **box below**.



Examples of sustainable procurement targets set by a public authority

The <Name of the authority> commits to the following targets:

- By 2017, ensure 50% of agricultural products and food come from organic sources
- By 2018, ensure no purchased cleaning products contain dangerous substances
- By 2019, ensure 80% of public buildings meet high energy performance standards
- By 2020, ensure 100% of newly purchased public buses meet ultra-low emission standards
- By 2020, ensure 100% of new electronic office equipment is energy efficient
- By 2020, ensure 100% of electricity will be purchased from renewable resources that created additional capacity



Procura+ Participant Rotterdam (see Figure 4), aligned its new sustainable development strategy in 2015 with the Netherlands national policy to create an ambitious sustainable procurement target.

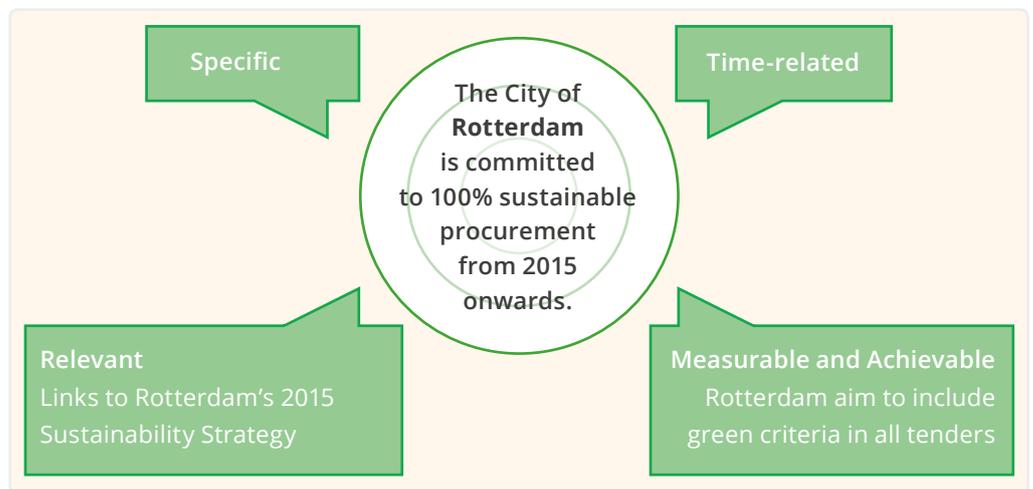


Fig 4. Setting sustainable procurement targets

How to set targets

- **Use the Baseline Inventory information** – This will indicate current status and should help to indicate what realistic targets should be.
- **Market research** – It is important to have a good idea of what is available on the market and at what cost. Where you are unsure it can be a good idea to carry out an open technical dialogue with the market, investigating with potential suppliers and other experts. You can find out more about engaging the market for sustainable procurement in **Chapter III, section 2** of this Manual.

- **Get advice from others with experience** – A great deal of time can also be saved by speaking to other public authorities who already have sustainable procurement experience in that area. By joining Procura+, you will have easy access to experienced professionals from right across Europe who can exchange and connect with you.
- **Consider organisational factors** – The level of centralisation in procurement can influence the targets set. With highly centralised procurement it may be easier to ensure all procurement actions meet the new sustainability standards set. Where procurement responsibilities are decentralised it is more difficult to both ensure all procurers have the necessary skills to integrate sustainability demands, and to monitor whether this is being done.

Summary – Set scope and targets

Before moving on to the next step:

1. Have you selected the product/service groups or departments you will focus on?
2. Are your sustainable procurement targets SMART?
3. Have you secured and allocated resources (human and financial)?



Step 2 – Develop action plan

The Action Plan

The Action Plan is a concise, clear document tailored to the specific needs and purchasing practices of your public authority. It should be communicated and made accessible to all employees involved in all stages of the procurement process.

The Action Plan will provide clear, practical details on how the targets established in Step 1 (and ideally included in a Sustainable Procurement Policy) will be achieved.

The scope and detail of the Action Plan will depend on the comprehensiveness of the implementation approach being taken.

The Plan should ideally contain:

- the scope of your activities and the targets set, together with any political commitment made by your authority;
- a description of the stakeholders to be involved;
- a description of the assigned responsibilities;
- a breakdown of the resources available;
- a description of the implementation measures and procedures;
- relevant progress indicators; and
- a time frame.

What actions should be covered?

This of course very much depends on the scope of the targets set by the authority. For each target it must be carefully considered how this will be met. It will likely cover specific actions, together with accompanying training and communication activities, for example:



Procurement actions

At its heart, sustainable procurement means working with specific calls for tender. The precise actions to be included will heavily depend on the scope of your strategy, and the consequent procurement activities covered. Specific actions could include:

- identifying appropriate environmental/social purchasing demands, perhaps including market research;
- incorporating these demands into actual tender documents;
- identifying opportunities for joint procurement (i.e. combining your procurement actions with other authorities) to access cost and administrative savings when publishing tenders, evaluating offers, and signing and maintaining contracts; and
- monitoring as well as reporting actions and results.

Training services

ICLEI offers tailor-made **training and capacity building services**,⁶⁴ with Procura+ participants receiving a discount on the cost of these services.

Brussels Environment delivers sustainable procurement workshops, Belgium

Procura+ Participant **Brussels Environment** is the public administration that manages almost all environmental and energy matters within the boundaries of the Brussels-Capital Region (BCR). The City has also developed a network of Brussels green public procurers by setting up four workshops per year and by creating a website to centralise all relevant information about green procurement in general and in Brussels. During the preparation of each workshop and training session, Brussels Environment is supported by experts to develop a set of criteria for each topic.

Read the Brussels Environment Procura+ Profile [here](#).⁶⁵

Workshops and training

Workshops can be great ways to both gather support for sustainable procurement and ensure those responsible for its implementation have the necessary skills. By providing relevant people in an organisation with the knowledge and skills to apply sustainable procurement, it is more likely to be successfully put into action. External experts can be brought in to deliver workshops on specific areas of sustainable procurement, such as market engagement or life cycle costing. These experts can include experienced procurement practitioners from other public authorities.

Working Groups

If the number of activities is large and a more comprehensive system is to be put in place, it can be effective to set up a Working Group under a co-ordinator, involving representatives from different departments relevant to implementation, e.g. purchasing, environmental, financial, or communications. This will contribute to developing and implementing a sustainable procurement Action Plan. The size and composition of the group will depend on the size and structure of the public authority.

Developing incentives to procure sustainably

You might consider offering procurement practitioners in the organisation incentives to procure sustainably. Workshops and training, as mentioned above, are always popular as employees will feel like their skills and knowledge are being invested in by the organisation. Other incentives could include:

- integrating sustainable procurement into job descriptions, including functions such as linking purchasing decisions to value for money, whole life costing of procurements and including sustainable criteria;

⁶⁴ www.sustainable-procurement.org/support

⁶⁵ www.procuraplus.org/public-authorities/brussels-environment

- raising the profile of procurement and procurers in the organisation;
- salary reviews linked to sustainable procurement; and
- integrating sustainability into introductory and regular training programmes received by procurers.

Communication

Sustainable procurement is most effective if there is a clear understanding of what it is – and the reasons for its introduction – among staff throughout the organisation and among suppliers. It is important to ensure that colleagues and external stakeholders, including suppliers, are kept informed of the strategy and targets, and reminded of them regularly. The following activities could be included:

- awareness raising activities for general staff – possibly through seminars/roundtables, in-house newsletters, the organisation's intranet;
- communicating intentions to suppliers and providing the time and information to adjust to new requirements, including perhaps hosting seminars; and
- presenting activities to the general public.



Departmental cooperation for sustainable procurement in Barcelona Provincial Council, Spain

Procura+ Participant Barcelona Provincial Council (Diputació de Barcelona) has enacted a Resources Optimisation Programme. This has enabled increased cooperation between the Environment Area and the Logistics Department – the latter being responsible for most of the purchases and contracts as well as for building renovation. Now all new contracts for cleaning services of Council buildings incorporate sustainability criteria, as do contracts for multifunction imaging equipment, and purchase or leasing of vehicles.

Read the Barcelona Provincial Council Procura+ Profile [here](#).⁶⁶

Monitoring performance

The ability to assess progress towards the targets set is of course critical in any strategy. Determining what data needs to be collected, how, and by whom will be central to an effective monitoring system. Information on the inclusion of sustainability criteria, let alone the calculation of sustainability impacts, is typically not collected as standard practice in most public organisations, so this will likely require adjustments to procurement procedures – which talks in favour of initially piloting your sustainable procurement activities in only a few departments (see Step 1).

Keeping track of progress and monitoring the achievements of the strategy and targets should be carried out more than once per year.

⁶⁶ www.procuraplus.org/public-authorities/barcelona-provincial-council

Monitoring systems can vary from simple database records of when sustainable procurement criteria have been included in procurements, through to systems that can be linked to e-procurement platforms. The examples from Flanders and Metropolitan City of Rome Capital in the **boxes below** show that monitoring systems, if used in the right way, can also help to prompt and remind procurers to include sustainable criteria.

Digital GPP monitoring in Rome, Italy

In order to ensure they meet the objectives of their GPP Action Plan, Procura+ Participant **Metropolitan City of Rome** has created a digital GPP monitoring system. This system, which links to an e-procurement platform, compels users to include green criteria in procurements. The system allows Rome to:

- perform sample checks on the input of technical requirements;
- obtain real-time reports according to several parameters/criteria, including year, amount, department, awarding procedure, product group;
- provide offices with assistance through a telephone helpdesk, an updated online library containing laws and regulations, and a supporting guide; and
- give support on how to check GPP products, especially when there is no official label.

The system allows Rome to both monitor progress and improve GPP knowledge and awareness.

Read the Metropolitan City of Rome Capital Procura+ Profile [here](#).⁶⁷

Monitoring sustainable procurement in Flanders, Belgium

The Flemish Government has a 100% target for sustainable procurement by 2020 for product groups in which criteria are available. Monitoring is one of the biggest challenges to achieving this goal. Procurement is dispersed among 640 personnel across 12 divisions and 10 locations. Everyone in the organisation is a potential procurer, with small orders (< €8,500) comprising 96% of all procurements. In early 2015 they launched an IT monitoring system to capturing all the data of all procurements. The system ensures that everyone procures through one portal, which contains all product categories, products and associated sustainable procurement criteria. It also includes products with no known criteria. Flanders now knows which product and service areas to improve upon and is extending the system to include PPI where possible.

For more details, read a [presentation](#)⁶⁸ and [report](#)⁶⁹ from The Flemish Government.

⁶⁷ www.procuraplus.org/public-authorities/metropolitan-area-of-rome

⁶⁸ http://procuraplus.iclei-europe.org/fileadmin/user_upload/Activities_files/Events/Webinar_May_2016/Verwimp.pptx

⁶⁹ http://procuraplus.iclei-europe.org/fileadmin/user_upload/Activities_files/Events/Webinar_May_2016/Screening.docx

Assigning responsibilities

Just as important as deciding on what actions to be put into practice and targets to achieve, is identifying who should and could be responsible for implementing it. Getting the right people involved early will increase the chance of the sustainable procurement strategy getting off the ground successfully.

The Baseline Assessment in Step 1 should have helped you to identify procurement stakeholders and departmental relationships in your organisation. Using this information, you can decide:

Emphasising departmental cooperation in sustainability strategy in Aalborg, Denmark

In 2013, Procura+ Participant **Aalborg** established a Sustainability Strategy to be implemented over three years. As part of this strategy, the City Council decided to strengthen its efforts towards sustainable procurement and established a corporation between its Environment and Procurement offices. Additionally, the City adopted a procedure to integrate sustainability criteria into all tenders carried out by the City. The criteria are laid down in the procurement policy adopted in the City Council covering every tender in the City to ensure that every single tender published today is requesting sustainable products and services.

Read more [here](#)⁷⁰ and at Aalborg's Procura+ Profile [here](#).⁷¹

- Who is in a strong position to lead the sustainable procurement strategy?
- Who has some existing knowledge and experience of sustainable procurement?
- Which other influential stakeholders should be involved?
- Do you need to assign (or recruit) dedicated staff for this?
- What external expertise on sustainable procurement is required?

The Action Plan will need to clearly state:

- Who will be responsible for the overall co-ordination of sustainable procurement efforts? Responsibility for co-ordinating all activities and ensuring declared targets are met should be allocated to one person.
- Who will be responsible for actual implementation? The Action Plan should outline specific tasks, and allocate clear responsibility for carrying these out. The process of preparing environmental/social purchasing specifications will likely require the expert input of a number of people (especially the environmental department and procurement officers). Final responsibility for ensuring actual implementation will however in all probability need to rest with the actual procurers.

The number of people involved will depend on the scope of activities to be covered and the resources available within the authority. At the most basic level, one champion will take full responsibility for co-ordinating the Management Cycle – of course they will need to feel confident of receiving the support of their colleagues in doing so. The sustainable procurement champion must be provided with a mandate to work with all stakeholders across the organisation, including policy-makers, procurers, suppliers and, in particular, financial decision-makers.



⁷⁰ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue48_Case_Study102_Aalborg.pdf

⁷¹ www.procuraplus.org/public-authorities/aalborg

Mapping roles and responsibilities in Rotterdam, Netherlands

Procura+ Participant **Rotterdam** works with the principal that leading by example on sustainable procurement starts with the budget holder, procurement official and sustainability specialist. All parties should take a deliberate approach to implementing green criteria by insisting on transparency and using acquisition methods that go beyond the lowest bid method. The Rotterdam approach for modelling sustainable procurement processes highlights responsibilities assigned to actors and organisational structures.

Find out more [here](#),⁷² and read the Rotterdam Procura+ Profile [here](#).⁷³

Empowering a sustainable procurement champion to manage the change process and be the link between those involved in the day-to-day implementation of the sustainable procurement strategy and other stakeholders involved can be an effective strategy. The benefits of mandating a sustainable procurement champion(s) include:

- becoming sustainable procurement leaders by example and assisting in training of others;
- identifying issues and dealing with them, or raising them quickly to management;
- gathering feedback on how much colleagues are embracing sustainable procurement;
- identifying emerging and unforeseen barriers to sustainable procurement implementation;
- assisting with managing resistance to change amongst colleagues; and
- acting as a central contact point.

The **box below** shows how the City of Ghent, a Procura+ Participant, is using the sustainable procurement champions approach to implement its sustainable procurement strategy.

Assigning sustainable procurement responsibilities in the City of Ghent, Belgium

Procura+ Participant **City of Ghent** updated its sustainable procurement strategy in 2014. This politically acknowledged Procurement Strategy expresses the strong ambition to be a leading consumer by using its buying power as an instrument to reach its strategic goals. The strategy includes seven focus areas ('pillars') for sustainable procurement, which range from life cycle costing, to focusing on innovation, to fair trade. A key member of staff from the city is assigned to each of these pillars and is responsible for making sure the particular part of the strategy is implemented. Manager's Dashboards are in use to report the results and outcomes of sustainable procurement for each of the strategic goals. This approach gives ownership of sustainable procurement to the teams that are making the procurement decisions and spreads awareness of the strategy throughout the organisation at all levels.

Read the Ghent Procura+ Profile [here](#).⁷⁴

⁷² www.glcn-on-sp.org/fileadmin/user_upload/Publications/SP_Profiles/City_of_Rotterdam_GLCN_on_SP_Profile.pdf

⁷³ www.procuraplus.org/public-authorities/rotterdam

⁷⁴ www.procuraplus.org/public-authorities/ghent

Summary – Develop action plan

Before moving on to the next step:

1. Does the Action Plan provide clear, practical details on how the targets in the policy will be achieved?
2. Have specific and relevant actions have been outlined in relation to the targets?
3. Have responsibilities been allocated and ownership given to the right people?
4. Have timescales been set?

**Step 3 – Implement action plan**

Implementing the action plan will be different in each organisation, depending upon the content of the plan. To keep the action plan on track it is good practice to:

Conduct and communicate regular updates

Conducting regular updates of the action plan progress will help to both ensure it is on track to meet the policy targets and encourage those tasked with its implementation to continue to include sustainability in their procurement.

Carry out regular reviews

Meetings with the procurement team, management team and a dedicated sustainability team should be carried out periodically. The meetings should focus on reviewing progress made, challenges and potential solutions, and successes to be built upon.

These actions will also help link to the next milestone of monitoring and reporting and if done regularly will make monitoring of sustainable procurement less resource intensive and more effective.

For further advice on the practical inclusion of environmental and social demands into specific procurement activities please see **Chapter III** of this Manual.

**Summary – Implement action plan**

Before moving on to the next step:

1. Make sure you are keeping regular updates and reviews of the implementation of the sustainable procurement action plan.



Step 4 – Monitor and report



4 Monitoring and reporting

This step serves to assess whether the targets previously set by the public authority have actually been achieved, identify any problems encountered and develop solutions. It should also be used as an opportunity for communicating progress and raising general awareness to external stakeholders such as local users of public services, suppliers and other public authorities.

This should encompass:

- a review of **progress towards the targets** set using the monitoring data collected by the systems established in Step 2;
- an **internal review** to evaluate the actions implemented and the targets set; and
- communication of results to internal and external stakeholders.

Your internal review should look at a number of questions:

- **Action plan** – have all actions been implemented as planned? Were any key actions missing? What barriers have been encountered, and what potential solutions may there be?
- **Ambition** – were the targets and actions too ambitious or not ambitious enough?
- **Targets** – are you on track with the targets? Have you achieved them? Is it time to make new targets and aim to increase your sustainable procurement?
- **Engagement** – have colleagues and other departments been engaged by the policy and plans? What could be improved to make sure they are more engaged or stay engaged?

The review could be informal as well as official, and the scope of the review will of course depend on the scope of the activities undertaken.

The review process represents the end of the first cycle, at which point you should return to Step 1, with a reassessment of the scope and targets of your strategy.

Need more advice on managing sustainable procurement?

Procura+ participants can benefit from receiving direct advice from ICLEI, and exchanging with others in the Network.

www.procuraplus.org

Summary - Monitor and report

Before completing the Management Cycle and going around again:

1. Does the monitoring system tell you what you need to know in terms of achievements, problems and potential solutions?
2. The internal review and data gathered should help you decide if you need to develop new targets within Step 1.





CHAPTER III

THE PROCUREMENT PROCESS – INTEGRATING SUSTAINABILITY AND INNOVATION

Public procurement is a structured process, regardless of whether the EU Directives apply. Most organisations have systems in place to ensure they are acting transparently and obtain value for money. Staff training and electronic systems are normally central to the way procurement is carried out, whether it is centralised or decentralised. This means that there are specific procedures to govern the planning, competition and contract management stages of procurement. For those with little background in procurement, it can seem very complex and, at times, bureaucratic.

The good news is that the existence of defined procedures for procurement makes it easier to effectively integrate sustainability considerations. Once an organisation has decided to adopt a sustainable procurement approach in its procurement policy, the systems already in place can be adapted to allow its implementation and tracking. This process of 'mainstreaming' sustainability within existing procedures allows environmental, social and economic considerations to become part of business as usual, for example by having standard criteria or contract management clauses which address the key impacts of each product or service purchased.

The same is not always true for public procurement of innovation (PPI). By its nature, innovation involves changes to business-as-usual, and will also usually require new procurement and contract management approaches. This may not apply in every case

– for example some organisations routinely use performance-based specifications and so allow for innovation in every call for tender – but for the most part PPI implies some redesign of existing procedures. Drawing this distinction does not however mean that sustainability and innovation are mutually exclusive – in fact they are often complementary as highlighted in the introduction. It merely means that the same approaches will not always work and there is a need to consider what degree of innovation is involved to decide on the best one.

The 2014 Directives⁷⁶ offer a number of options for implementing sustainable procurement and PPI, some of which are new. This Chapter is dedicated to exploring the possibilities for sustainable procurement/PPI set out within the 2014 Directives, and highlighting examples of how these can be applied in practice. At the end of the chapter some of the most important articles are summarised in a table.

For the purpose of this section, the procurement process has been divided into the following stages, broadly mirroring a standard procurement exercise:

- Pre-procurement
- Deciding on the procurement procedure
- Defining the subject of the contract (subject matter)
- Selection/exclusion of bidders
- Technical specifications
- Award criteria
- Contract management

2014 Procurement Directives

This Chapter is dedicated to exploring the possibilities for sustainable procurement/PPI set out within the 2014 Directives⁷⁵, and highlighting examples of how these can be applied in practice. At the end of the chapter some of the most important clauses are summarised in a table.

3.1 Pre-procurement

For both sustainable procurement and PPI, the pre-procurement stage is very important. Procurement needs may be routine, occasional or one-off, but in each case a thorough understanding of what is needed and how it will be used is essential. Equally important is an understanding of the market from which it will be procured. For example, if it is intended to award a contract for cleaning services you will need to know what user expectations are for the service and what type of organisations are operating in the sector. This then allows you to determine which sustainable cleaning services, products, methods and equipment may be appropriate and the potential impact the contract may have on workers in the sector.

Defining real needs

For both sustainable procurement and PPI the starting point should always be to assess what your real needs are. Sometimes the most sustainable option will be to avoid procuring anything. Thinking in terms of what outcome you wish to achieve (e.g. office heated to 20-22°C), rather than a specific technical solution to achieve that outcome (3000W radiator), can result in innovative, sustainable solutions. As the responsibility for determining requirements will not typically be with procurers they will need to collaborate closely with and maybe even challenge technical/user departments in order to develop functional outcomes which can be correctly translated into an effective procurement exercise.

⁷⁵ 2014/23/EU (the Concessions Directive), 2014/24/EU (the Public Sector Directive) and 2014/25/EU (the Utilities Sector Directive) –referred to here as the 2014 Directives. References in the Manual are to the Public Sector Directive, however readers should note that many of the same possibilities for SPP exist under the other two directives.

⁷⁶ Directives 2004/24/EU for public authorities, 2004/25/EU for utilities, and 2004/23/EU for concessions

Cleaning services in the City of Ghent, Belgium

Procura+ Participant **Ghent** is responsible for cleaning 340 premises, a service which employs 450 people. The City was interested in introducing cleaning products with a lower impact on the environment and human health. Prior to the procurement, the City set up a controlled trial of products offering lower life cycle impacts at several of its locations. Based on the results it decided to adopt probiotic cleaning products within its current contract, while also including provisions aimed at employing disadvantaged workers.

Read the Ghent Procura+ Profile [here](#).⁷⁷



It is also important to be clear regarding the **sustainability goals** you have right at the beginning of the procurement process. In some cases it will be helpful to define these quantitatively (e.g. by 2018, ensure 80% of office buildings meet high energy performance standards), but this cannot so easily be done for all sustainability goals. Again, this will likely need to be a collaborative process involving several departments, and in some cases potential providers.

Having a clear picture of your real needs together with your sustainability goals will provide you with a solid basis on which to build the procurement process to communicate both internally and externally to potential suppliers, and helps in determining the most appropriate procurement approach.

Accommodating kitchen needs in food procurement in Copenhagen, Denmark

To help meet its target of 90% organic food for public catering, Procura+ Participant **Copenhagen** defines its needs with suppliers throughout the contract process. This includes:

- Market dialogue prior to tenders – asking what the market can deliver and writing the tenders accordingly.
- Diversity and seasonality – using seasonal diversity as criteria in the tender and supplying an ‘all round’ version for all year where it is necessary.
- Sensory evaluation – food quality is hard to specify so a sensory evaluation methodology has been developed and communicated with suppliers.

This approach allows the Municipality to innovate with a significantly reduced risk of procurement or contract failure and meet their continually evolving needs.

Read the Copenhagen Procura+ Profile [here](#).⁷⁸

⁷⁷ www.procuraplus.org/public-authorities/ghent

⁷⁸ www.procuraplus.org/public-authorities/copenhagen

Learning from counterparts and networks

Once you have considered your organisation's needs and priorities, it can be of significant benefit to consult similar public authorities who have undertaken a similar procurement – 'reinventing the wheel' is a waste of time and resources. In a progressive area such as sustainable procurement and PPI, hurdles and uncertainties will be commonplace – therefore working in collaboration with others, and sharing ideas and lessons learned can be invaluable.

Participants in the **Procura+ Network**⁷⁹ regularly share information on specific calls for tender they have undertaken or are planning. Regional networks, such as those being established within the **SPP Regions** project,⁸⁰ are also an excellent forum for such practical advice.

Networking for sharing knowledge and ideas

As well as participating in the Procura+ Network, **Brussels Environment**⁸¹ and **Réseau Grand Ouest**⁸² (RGO) both organise dedicated workshops and develop criteria on sustainable procurement to support their own network members. Members of the **Capital Region Sustainable Procurement Network**⁸³ in Denmark work together on improving sustainability criteria. These criteria are then used within framework agreements, which give network members access to ready-made contracts at a better price than they could achieve alone. The **Xarxa Network**⁸⁴ in Catalonia has a mentoring scheme for sustainable procurement, providing practical support to newer members. It has become a reference point for sustainable procurement in the region, enhancing the reputation of all the network's members.

Market engagement

The success of any procurement exercise will ultimately be determined by how the market responds to your request. Effective engagement with potential suppliers prior to tendering has several purposes:

1. Identify potential bidders and/or solutions
2. Build capacity in the market to meet the requirement(s)
3. Inform the design of the procurement and contract

Engaging the market can help you to:

Change and improve the way you plan and manage procurement by:

- discussing the outcomes needed and get feedback on your requirements – this can inform the development of your final specification;
- splitting the work into different bundles to get the best value for money or better outcomes;
- planning the optimal approach-to-market strategy; and
- flagging potential issues or problems with the project, or identify gaps in current provision where innovation could be stimulated through public procurement.

⁷⁹ www.procuraplus.org

⁸⁰ www.spp-regions.eu

⁸¹ www.procuraplus.org/public-authorities/brussels-environment/

⁸² www.procuraplus.org/regional-networks/reseau-grand-ouest/

⁸³ www.sppregions.eu/participating-regions/copenhagen-region

⁸⁴ www.sppregions.eu/participating-regions/barcelona-region

Improve your understanding of the market and help you to become a more intelligent customer by:

- gathering information on how the market is structured and how it operates;
- discussing how your requirements may be presented so as to make them more attractive to the market; and
- becoming better informed of any risks and issues.



Increase your trust and credibility with suppliers and become a customer of choice by:

- allowing the market to better understand your business and your needs;
- generating interest in your agency as a buyer; and
- improving relationships with suppliers.

Create the market conditions needed to deliver the best solution by:

- allowing suppliers time to plan and prepare to respond to a contract opportunity and be ready to meet your demands;
- stimulating competition and innovation; and
- confirming that the proposed approach is, in general terms, acceptable to the market.

Help agencies to identify opportunities for sustainability and innovation by:

- helping to identify potential solutions to minimise the environmental impact of the goods or services procured;
- testing the feasibility of your needs against what is available in the market, i.e. whether or not a new approach is necessary;

Meeting suppliers together in the Réseau Grand Ouest network, France

The public authorities that form the regional network of Procura+ Participant **Réseau Grand Ouest** (RGO) meet suppliers together as part of specific working groups for different product and service sectors. These include energy, cleaning products and construction. Meeting the suppliers is an opportunity for RGO to show suppliers their interest in sustainable products and promote innovation. The suppliers that RGO meets then receive a questionnaire. The communication between the both parties is a major factor for the success of the tenders. The suppliers meet individually with the RGO group for a conversation of around one hour. They introduce their company and answer questions from the public authorities.

“It’s very important to hear what suppliers have to say and hear about their difficulties in their response to tenders. If public entities want to integrate sustainable criteria, they have to be sure that the supply exists and is available, otherwise the risk of an unsuccessful contract is increased.”
(Laurence Cesbron, RGO)

Read the RGO Procura+ Profile [here](#).⁸⁵

⁸⁵ www.procuraplus.org/regional-networks/reseau-grand-ouest/

- confirming, through market reaction, that the scope and objectives of the procurement provisions are sound and achievable; and
- finding out about new, innovative or alternative ways of meeting the requirements.

For suppliers, the key benefits of market engagement are:

- market-focused requirements (perhaps shaped or influenced by suppliers) are conducive to greater participation in tender procedures;
- the chance to raise issues and queries about the public authority's requirements at an early stage, reducing time and overhead later on; and
- the chance to gain a valuable insight into the public authority's wider programme, requirements and priorities.



Supplier/buyers seminar in Cascais, Portugal

In order to bring together suppliers and buyers, The Municipal Council of Cascais, the Cascais Energy Agency and the National Laboratory for Energy and Geology (LNEG), a Procura+ **Strategic Partner**,⁸⁶ organised an energy efficient lighting seminar. The focus was on LED technology for public lighting, with an aim to:

- convey to potential suppliers information on purchasing intentions and the generic initial requirements; and
- increase buyer knowledge on energy-efficient lighting and LED public lighting through the various suppliers presenting their products, followed by a moderated debate.

Following this, one-to-one meetings were held with potential LED suppliers identified by Cascais, to discuss products available on the market and the features of the new technology, and the criteria developed so far. These discussions helped to determine the tender specifications and reassure the authority that the market could provide appropriate solutions.

Find more information on market engagement:

- **SPP Regions report on market engagement**⁸⁷ – providing detailed practical advice on how to engage the market.
- **INNOCAT market engagement best practice report**⁸⁸ – with detailed case studies describing the process of implementation.
- **Webinar on market engagement**⁸⁹ organised by the European Commission, DG Environment.
- Find more resources about market engagement in the **Resource Centre**⁹⁰ of the Sustainable Procurement Platform.

⁸⁶ www.procuraplus.org/strategic-partners

⁸⁷ www.sppregions.eu/resources

⁸⁸ www.sustainable-catering.eu/publications

⁸⁹ www.ec.europa.eu/environment/gpp/webinars_en.htm

⁹⁰ www.sustainable-procurement.org/resource-centre

Working with suppliers in LIPOR, Portugal

The Intermunicipal Waste Management of Greater Porto (LIPOR) has developed a Code of Conduct (COC) for suppliers to promote the principles of the Human Rights Declaration and fundamental ILO Conventions. During tendering, all bidders are asked to commit to the COC by signing a 'Commitment Declaration'. LIPOR invites suppliers to an annual Socially Responsible Public Procurement (SRPP) workshop where the COC, tender criteria and verification schemes are discussed. Suppliers are encouraged to give testimonies about the impact of the application of the Code. LIPOR recommends that suppliers also work with all of the supply chain and partner suppliers in order to increase socially responsible production. Recent assessments indicate that LIPOR's recommendations are accepted and applied by all suppliers.

Read Procura+ participant LIPOR's case [here](#)⁹¹ as part of the **LANDMARK project's** Good Practice in SRPP publication.⁹²

Table 2: Methods of informing the market

Pre-Procurement	During Tender	Post Tender
<ul style="list-style-type: none"> • Publish forward procurement plan (e.g. Annual Procurement Plan) • Attend trade shows • Attend Meet the Buyer events for any interested suppliers • Issue a Request for Information • Call a 'show-and-tell' to allow suppliers to explain their proposed solutions • Meet with industry bodies • Meet with a group of key suppliers or a range of suppliers individually • Sound out the market • Provide a pre-tender briefing to suppliers who are interested in a contract opportunity 	<ul style="list-style-type: none"> • Brief suppliers who have submitted a response • Brief short-listed suppliers • Hold a question and answer session – or send a list of all questions and their answers to all suppliers 	<ul style="list-style-type: none"> • Let suppliers know who has been successful, including a contract award notice • Debrief suppliers, and ask questions about how the process worked for them

⁹¹ <http://procuraplus.iclei-europe.org/public-authorities/lipor>

⁹² www.landmark-project.eu/fileadmin/files/en/latest-achievements/LANDMARK-good_practices_FINAL.pdf

You can engage with the market at any time, from the early pre-procurement phase, during a tender and at any other time during a procurement process. There is no limitation on when you can engage, as long as you:

- are fair, open and transparent;
- record discussions;
- take steps to ensure your integrity, for example, giving the same information to all suppliers; and
- give equal access to all suppliers and treat all suppliers the same.



3.2 Deciding on the procurement process

Once you have gathered sufficient information and identified the scope for sustainable procurement or innovation to be targeted in a contract, the approach to be taken to the procurement process can be defined – which type of procurement procedure to use, how it should be carried out, and what kind of contract is needed etc. Most procurement will involve a competitive process. If the contract is valued above the EU threshold,⁹³ this is the stage where the EU Procurement Directives begin to apply.⁹⁴ An advertisement (notice) will need to be placed in the Official Journal and the rules for each stage of the chosen procedure followed.

The approach selected depends on many factors including the time available, market size and organisational preferences. However, it is worth keeping in mind that certain procedures – those with greater flexibility – may be better suited to including new sustainability or innovation objectives, but may also require additional time and skills.

Flexible procedures

Some procedures, such as the competitive dialogue, will involve meeting with bidders which can be a good opportunity to discuss sustainability and innovation aspects, understand their approach and communicate your priorities. Four procedures allowed under the 2014 Directives offer enhanced flexibility:

- If you are procuring research and development (R&D) services, you may be able to make use of an exemption to the Directives and apply **pre-commercial procurement (PCP)**.
- The **innovation partnership**⁹⁶ procedure is specifically designed to cover the full innovation cycle from R&D through to piloting and purchase on a commercial scale of new products or services.

Electric ferries in Norway

The Norwegian Directorate of Public Roads, responsible also for Fjord transport, opted to use a competitive dialogue in order to explore innovative solutions for the design, build and operation of a low environmental impact vessel with prospective ferry operators, ship builders and engineers. The consortia were incentivised to invest in innovation as all pre-qualified bidders got a lump sum payment to compensate for their time and efforts. Even though the tender was technology-neutral, the winning offer was for a full battery electric ferry, due to the allocation of award criteria to energy efficiency and associated emissions.

Read more [here](#).⁹⁵

⁹³ These change regularly. The latest thresholds may always be found on the website of the European Commission: www.ec.europa.eu/growth

⁹⁴ Although the Directives only apply to the procurement of contracts above certain value thresholds, below these thresholds procurement procedures must always comply with the basic principles of transparency, equal treatment, proportionality and non-discrimination outlined in the Treaty of the European Union.

⁹⁵ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue42_Case_Study88_Norway_Ferry.pdf

⁹⁶ 2014/24/EU - Article 31

- The **competitive dialogue**⁹⁷ procedure allows you to meet with bidders to progressively refine your requirements, especially where it is not possible to write a specification in advance.
- The **competitive procedure with negotiation**⁹⁸ gives the public sector more freedom to negotiate with bidders where contracts involve elements of design or innovation, or in other defined circumstances.

Each of these procedures, and the conditions under which they may be used, are discussed in detail with explanatory diagrams in **Public Procurement of Innovation: Guidance for Public Authorities**.⁹⁹ The **Eafip Toolkit**¹⁰⁰ also provides a great deal of practical advice.



Encouraging innovation in Helsinki Region Environmental Services Authority

Procura+ Participant HSY (Helsinki Region Environmental Services Authority) uses innovative public procurement procedures to support local innovation. HSY is part of the strategic project Resource Wise Helsinki Region, supporting the development of material recycling by networking with companies and launching pilots with them. HSY can provide SMEs with innovation and development platforms, located in real operational environments. Companies can then pilot their technologies on the platforms. Successful pilot co-operation can result in purchases later, boosting the SME's entrance to domestic and international markets.

Read the HSY Procura+ profile [here](#).¹⁰¹

Encouraging SMEs to bid

Providing greater opportunities for small and medium sized enterprises (SMEs) to bid can be important in terms of innovation, competitiveness, environmental impact and local economies.

Although it is not permitted to make direct reference to a preference for SMEs in procurement, there are approaches which help encourage SMEs to apply for public procurement. For example:

- hold widely advertised open days or meet the buyer events to inform potential suppliers about where opportunities are advertised, how the procurement process is structured, and what tender documentation is required;
- minimise the complexity of tender documentation, as submitting tenders can often be an unnecessarily cumbersome and bureaucratic process;
- divide contracts into smaller lots to make contract requirements more achievable to SMEs (and less attractive to bigger companies);¹⁰²

⁹⁷ 2014/24/EU - Article 30

⁹⁸ 2014/24/EU - Article 29

⁹⁹ www.innovation-procurement.org/about-ppi/guidance

¹⁰⁰ www.eafip.eu/toolkit/

¹⁰¹ www.procuraplus.org/public-authorities/helsinki-region-environmental-services

¹⁰² Under the 2014 Directives it is required to explain why a contract has not been divided into lots. National governments may also choose to make the division of contracts into lots mandatory for certain types of contract.

- limit the number of lots which will be awarded to any one bidder, based on objective and non-discriminatory criteria which must be established in advance;¹⁰³
- allow for a longer period of time for the submission of expressions of interest and tenders; and
- commit to paying SME invoices on time, or even early to help with cash flow.

Buy or lease? Product or service?

Alternatives to the direct purchase and ownership of products – such as lease or lease/purchase arrangements – are increasingly common in the public sector. Such approaches often make sense when dealing with expensive equipment in sectors with rapid technological change, such as the IT sector, and leasing contracts for public vehicle fleets are also becoming more common. However alternative ownership models may be applicable in a range of different sectors.¹⁰⁴ Alternative contractual arrangements, such as energy performance contracting (EPC)¹⁰⁵ for building renovation works, also offer considerable advantages for public authorities, in reducing the need for upfront costs, and the risks associated with introducing new technology. EPC has the added benefit of incentivising energy efficiency and conservation by contractors, as is the case with so-called ‘design, build, operate, maintain’ contracts.

Energy performance contracting for swimming pools in Rotterdam, Netherlands

Procura+ Participant **Rotterdam** awarded an Energy Performance Contract (EPC) using the competitive dialogue procedure for the renovation, operation and maintenance of municipal swimming pools. The award of the contract was based on the energy savings offered by the bidders and the maintenance costs.

The contract terms required guaranteed energy savings, building condition and comfort, all subject to penalties.

The winning contractor guaranteed 34% energy savings across the nine swimming pools included in the contract. The contractor receives a financial bonus for energy savings of over 34% each year or cumulative penalties if they fall short.

This is one of the many SCI network’s **Snapshot**¹⁰⁶ examples. Read the Rotterdam Procura+ Profile [here](#).¹⁰⁷

Leasing and new contractual arrangements can be very effective approaches for:

- reducing upfront costs;
- incentivising continuous sustainability improvements;
- allowing the quicker uptake of new technology; and
- shifting some risk from the procurer to the supplier.

¹⁰³ 2014/24/EU - Article 46

¹⁰⁴ See for example a 2015 report on Product-Service Systems (PSS) developed for the United Nation's 10 Year Framework Programme on Sustainable Public Procurement (10YFP SPP) - www.unep.org/10yfp/Portals/50150/10YFP%20SPP/3A_Technical%20report.pdf

¹⁰⁵ Energy performance contracting is an innovative contractual approach whereby the costs of energy efficiency improvements are financed by the energy savings achieved. For more information visit: www.enpc-intrans.eu

¹⁰⁶ www.sci-network.eu/fileadmin/templates/sci-network/files/Resource_Centre/Guide/SCI-Network-Snapshots-www.pdf

¹⁰⁷ www.procuraplus.org/public-authorities/rotterdam

Such approaches may involve more complex financial arrangements, and it is important to ensure a life cycle cost¹⁰⁸ comparison between different options is carried out as part of the tender process and/or within market engagement activities. These alternative contractual models may also require more resources in terms of contract management.

Variants

Allowing some flexibility around specifications can be a good way of encouraging the market to propose innovative and sustainable solutions. One means of doing this is to allow variants – solutions which meet your minimum requirements but in a different way to that envisioned in the detailed technical specification. This method also helps to minimise the risk of a low number of compliant bids or unfeasibly high prices. For example, if you are purchasing vehicles and are uncertain whether electric, hybrid or alternative-fuelled options may be suitable, you can allow these to be proposed as variants. The minimum requirements in terms of safety, ergonomics, features and warranties would be specified in your tender documents. Variant bids would then be assessed against the same award criteria as you apply to non-variant bids, allowing you to compare costs, quality and environmental performance and make a decision about which fuel/propulsion technology is best. Some guidance on the use of variants can be found within the **Guide to the community rules on public procurement of services**¹⁰⁹ published by the European Commission.

Joint procurement in Sweden

Procura+ Participant Malmo combined resources with 44 other Swedish municipalities to implement socially responsible procurement in three product categories. This included the joint development of a code of conduct, follow up questionnaires and the funding of on-site inspections, which each individual authority would not have been able to finance alone.

Read more in the LANDMARK project **Good Practice in Socially Responsible Public Procurement**.¹¹⁰ Read Malmo's Procura+ profile [here](#).¹¹¹

Frameworks, central and joint purchasing

Many authorities pursue sustainable and innovative procurement alone, but its power can be magnified if it forms part of aggregated procurement – where more than one buyer, supplier or contract is involved. Larger volumes of demand can help incentivise suppliers to meet requirements, especially where there are up-front costs involved in attaining certification or auditing supply chains, for example.

In addition, joint procurement and purchasing through central purchasing organisations¹¹² allows smaller authorities, or those with fewer resources, to access the sustainable procurement expertise offered by larger organisations or those with more developed sustainable procurement policies. Centralised procurement may substantially improve the capacity of the contracting organisation and may also lead to a greater professionalisation of procurement, and ensure that good procurement practices are applied.

Aggregated procurement is not always the right solution and can have its drawbacks too – it may be harder to find solutions that meet all users' needs and it can also be more difficult to involve smaller suppliers. However as these instruments form a key part of

¹⁰⁸ Applying life cycle costing in procurement means calculating the total cost of an asset from the point of purchase through the use phase and end-of-life costs. See Chapter IV for more information

¹⁰⁹ www.ec.europa.eu/internal_market/publicprocurement/docs/guidelines/services_en.pdf

¹¹⁰ www.landmark-project.eu/fileadmin/files/en/latest-achievements/LANDMARK-good_practices_FINAL.pdf

¹¹¹ www.procuraplus.org/public-authorities/malmo

¹¹² 2014/24/EU - Articles 37 and 38

procurement strategies for many organisations, it is worth considering the particular role which they can play in sustainable procurement/PPI.

Joint procurement of LED lighting in Portugal

Procura+ Participant **OesteCIM** coordinated the creation of the Portuguese West Region Energy and Environmental Agency, as well as the Regional Public Procurement Central Unit and contributed to the application process for funding an LED street lighting regional project among 12 municipalities. The procedures developed allow price reductions between 20% and 60%, with potential savings of more than €70,000. Read the OesteCIM Procura+ profile [here](#).¹¹³



Trials and demonstrations

If new products or methods are being proposed as part of the contract, it may make sense to have a trial period or request samples prior to making a decision.

Trials are very widely used in the transport sector by public authorities that want to try out alternative vehicle technologies, as final investments will be very costly. Manufacturers are also keen to test their newly developed prototypes in real life situations, so vehicle trials can be of mutual benefit and at the same time drive the introduction of innovative, cleaner solutions. It is important to recognise however that contracting authorities are not allowed to limit the participation in any tender procedure to only those products which have been trialled.

New methods and materials for uniform procurement in Rawicz, Poland

Rawicz hospital carried out a pilot innovation procurement project concerning the purchase of hospital uniforms. Consultation with staff allowed an outcome-based specification to be developed, which was used in a competitive dialogue. The successful bidder is supplying uniforms which incorporate an innovative bio-based material and offer a lower life cycle cost than the old uniforms. Read more [here](#).¹¹⁴

Trialling electric buses in Vienna, Austria

Full electric buses were trialled in Vienna to explore the potential for using the existing tram infrastructure to power these zero emission vehicles.

Read more about [this case](#)¹¹⁵ and others in the Clean Fleets project's [case study collection](#).¹¹⁶

¹¹³ www.procuraplus.org/public-authorities/west-intermunicipal-community

¹¹⁴ www.procurement-forum.eu/resource/download/635/ppi-platform-guide-new-final-download.pdf

¹¹⁵ www.clean-fleets.eu/fileadmin/files/Clean_Fleets_case_study_Vienna_-_Final.pdf

¹¹⁶ www.clean-fleets.eu/case-studies

3.3 Defining the subject of the contract (subject matter)

As the Procurement Directives are principally concerned with how you buy, rather than what you buy, contracting authorities have a considerable amount of scope in determining the subject matter (i.e. the title) of their call for tender.

The 2014 Directives continue to require that all specifications and award criteria are clearly “linked to the subject matter” of the contract. Referring to your sustainability objectives directly in the subject matter is useful in making this link clear. It is also an effective way to communicate your ambition to the market – to indicate that you are taking sustainability seriously in the tendering process.



Organic police uniforms in Zürich, Switzerland

In 2012, Procura+ pioneer Participant Zürich, Switzerland used “Procurement of 100% organic cotton police shirts” as subject matter for a uniform tender, which was successfully delivered.

The full case study can be found [here](#).¹¹⁷ Read the Zürich Procura+ profile [here](#).¹¹⁸

Examples of subject matter:

- Provision of sustainable catering services for schools.
- Supply of low emission vehicles.
- Construction of a low energy office building.



3.4 Selection/Exclusion of bidders

The selection stage of a tendering process can be important for signalling the use of sustainable procurement or PPI and for evaluating the previous experience and technical capacity which different companies have to carry out these aspects of the contract. For example, in a construction contract at selection stage you can assess the previous record of contractors in delivering sustainable and innovative works, as well as their health and safety record, compliance with fundamental labour laws and use of an environmental management system.

The 2014 Directives allow contracting authorities to both:

- **exclude** companies from tendering for not meeting certain conditions (exclusion criteria); and
- **select** the most suitable companies to bid based on technical ability and previous experience in relation to the subject matter of the contract (selection criteria).

¹¹⁷ www.ec.europa.eu/environment/gpp/pdf/casestudy8.pdf

¹¹⁸ www.procuraplus.org/public-authorities/zurich/

Both sets of criteria provide opportunities for pursuing sustainability goals, as outlined below.

Exclusion criteria – Compliance with fundamental labour and environmental law¹¹⁹

The 2014 Directives make it mandatory for contracting authorities to exclude a potential bidder where it is aware that it has been convicted for child labour or other forms of human trafficking offences.

In addition, they are allowed to exclude companies which have been convicted of breaching environmental, social and labour law. This includes EU and national law, collective agreements and a list of international conventions set out in Annex X of Directive 2014/24/EU. The Annex contains the eight fundamental conventions of the International Labour Organisation and four environmental conventions relating to hazardous waste, persistent organic pollutants, hazardous chemicals and pesticides, and the protection of the ozone layer. Depending on the national transposition of the 2014 Directives, contracting authorities may also be able or obliged to impose the same conditions on major subcontractors.

With larger contracts (such as construction works) involving multiple subcontractors, or for supply contracts with complex global supply chains, it may also be advisable to include compliance with these standards within contract performance clauses, and to put in place an appropriate monitoring mechanism. More on this is included in the **section on contract performance clauses below**.

Selection criteria – Technical ability and previous experience¹²⁰

At selection or 'pre-qualification' stage you can apply specific criteria to evaluate candidates' suitability to pursue the professional activity, economic and financial standing and technical and professional ability.

This can include requirements for bidders to demonstrate their ability to carry out the contract in a sustainable manner – however this must be proportionate to the specific requirements (i.e. technical specifications) of the contract. According to the European Commission's **Buying Green Guide**¹²¹ this means "you should tailor your approach to the specific requirements of the contract, including its value and the level of environmental risk involved. For example, the range of environmental selection criteria applied for a works contract will normally be greater than for a simple supply contract, unless the supplies present a particular environmental risk, e.g. chemicals or fuel which must be safely stored."

Annex XII sets out the only types of evidence¹²² which can be requested in respect of selection criteria, which includes reference to previous work, technical expertise, environmental management measures, and also supply

Types of selection criteria:

- Assessing bidders' qualifications and experience with relevant construction techniques and materials for the construction of a low energy, low environmental impact building.
- Assessing bidders' qualifications in green cleaning techniques for a cleaning contract.
- Assessing bidders' experience in providing organic and seasonal menu options for a school catering contract.
- Assessing the environmental management systems which bidders have in place for a waste collection service contract (see more on environmental management systems below).
- Assessing bidders' ability to track products throughout complex global supply chains, and monitor compliance with the ILO core conventions, for example in a major clothing supply contract.

¹¹⁹ 2014/24/EU - Articles 18, 57 and Annex X

¹²⁰ 2014/24/EU - Article 58 and Annex XII

¹²¹ www.ec.europa.eu/environment/gpp/buying_handbook_en.htm

¹²² 2014/24/EU - Article 60(1) and 60(4)



chain management and tracking systems. Remember that bidders must be allowed to rely upon the capacity of other entities, such as subcontractors, to meet these criteria, if they can prove that these will be available for delivery of the contract.

Environmental management systems¹²³

Environmental management systems such as **EMAS¹²⁴** or **ISO 14001¹²⁵** can be a useful way for candidates to demonstrate, during the selection phase, their ability to deliver the environmental aspects of a contract. These systems set out the environmental standards which must be met for a particular activity or business sector, with compliance being audited by an independent third party. It is important to check that any certificates presented relate to the specific activity or activities which the contract concerns.

Compared to the 2004 Directives, there is now a broader ability to request environmental management systems for any contract where this would be proportionate – including supply contracts. The same applies to energy management systems (EnMS) such as ISO 50001.

Under the 2014 Directives it is possible to demand that the environmental management system is third party verified, unless the candidate objectively has no access to the schemes during the time limits for reasons which are not attributable to them (see the section on **Using Labels below**), and where they can prove that the alternative measures they have in place are equivalent to the third-party certification requested. Such demands may, however, create a barrier to SME inclusion in the tender process, given the time and cost requirements of acquiring such a certified system. Including this requirement would therefore need to be assessed on a case-by-case basis.

Alternatively, contracting authorities can set award criteria to assess the specific environmental management measures that are proposed for the carrying out of the contract (**see section 6 below**).

Subcontractors¹²⁶

For certain contracts a significant part of the work or value involved will come not from the main contractor but from other companies in its supply chain. The 2014 Directives recognise the important role which subcontractors can play in public contracts and the opportunities for SMEs at this level.

From a sustainability perspective, there are two particularly important provisions relating to subcontractors. The first is that compliance on the part of subcontractors with the fundamental labour and environmental laws mentioned in

Social criteria in technical specifications

The 2014 Directives make it clear that social issues within supply chains (such as labour conditions or fair trade principles) may be addressed in both the award criteria¹²⁷ and contract performance clauses.¹²⁸ However for technical specifications the situation is more ambiguous.

Whilst Article 42 of Directive 2014/24/EU on technical specifications explicitly states that environmental characteristics may be addressed, social characteristics are not mentioned.

A conservative interpretation of the Directive would be that social characteristics cannot therefore be addressed here – an alternative interpretation would be that, as they are not specifically excluded they may still be addressed.

This second interpretation would be supported by several of the Recitals at the beginning of the Directive (e.g. 74, 95, 99) which indicate the intention to allow procurers the flexibility to clearly pursue sustainability goals.

This guide cannot provide a legally watertight interpretation on this point, and it is likely that legal clarity on this point will only come through court rulings. If in doubt, only apply social criteria in the award phase.

¹²³ 2014/24/EU - Article 62

¹²⁴ www.ec.europa.eu/environment/emas/index_en.htm

¹²⁵ www.iso.org/iso/iso14000

¹²⁶ 2014/24/EU - Article 71

¹²⁷ 2014/24/EU - Article 67

¹²⁸ 2014/24/EU - Article 70

the exclusion criteria section above has to be ensured in public procurement. For works contracts and services to be carried out on site, you must require the names and contact details of all subcontractors, in order to ensure compliance with this condition. This would allow for establishing a direct monitoring system. The second is that arrangements may be put in place for the direct payment of subcontractors, either automatically or upon request. This more direct relationship allows a greater degree of oversight. Both of these provisions may help to ensure that sustainability considerations are enforced down the supply chain, with better visibility and accountability at each level.

3.5 Technical specifications

Technical specifications¹²⁹ translate the subject matter of the contract into concrete, measurable requirements that the product/service/works must fulfil. These requirements are compulsory therefore if an offer does not comply with them it must be rejected.

Contracting authorities have a wide variety of options for addressing sustainability criteria in the technical specifications. The 2014 Directives have clarified that technical specifications can relate to sustainability impacts at any stage of the life cycle of a product and it is not necessary for them to define qualities of the finished product only.

There are three choices for how to formulate technical specifications in calls for tender:¹³⁰

- i) in terms of performance or functional requirements, including environmental characteristics;
- ii) by reference to standards, common technical specifications or references, or;
- iii) by a combination of these approaches.

For a **goods supply contract**, types of specifications you could consider are, for example:

- **Performance of the product in use** – e.g. CO₂ and harmful pollutant emissions from vehicles, energy consumption of IT products, fumes from harmful chemicals in cleaning products.
- **Disposal/recyclability** of the product – e.g. whether products contain mercury, or are separable into easily recyclable components.
- **Delivery of the product** – e.g. delivery outside peak hours, using low emission vehicles.
- **The origin of materials used in manufacture** – e.g. timber from sustainably managed forests, food from organic agriculture, use of recycled material.
- **Production methods** – e.g. electricity coming from certified renewable sources, totally chlorine free (TCF) bleaching process for paper.

For a **service contract**, you could consider:

- **Consumption of resources** in performing the service – such as energy and water.
- **Waste/emissions generated** – e.g. CO₂ emissions from transportation requirements or type of vehicle used, non-recyclable waste generated.



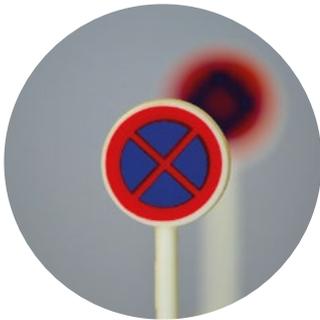
¹²⁹ 2014/24/EU - Article 42

¹³⁰ 2014/24/EU – Article 42.3

- **Use of products** – e.g. use of organic/fair trade produce for a catering service, use of non-toxic products for a cleaning service, use of energy/water efficient equipment.
- **Working conditions** – e.g. employment of disadvantaged groups, payment of agreed minimum wage tariffs.

For **works contracts**, specifications can relate to, for example:

- **The performance of the construction** – e.g. energy performance of a building, accessibility for disabled people, indoor climate.
- **The way in which the works are carried out** – e.g. minimising of waste and noise from construction sites, optimising material delivery schedules to lessen traffic disruption, energy/water efficiency of machinery.
- **The materials used in construction** – e.g. use of renewable and/or recycled materials, restriction of harmful or unrecyclable materials, efficient use of material.



In all cases, requirements must be related to the subject matter of the call for tender (i.e. they must relate to the contract in question and not to the general sustainability performance of the supplier), must be clearly verifiable, and must afford equal access to bidders (so they cannot restrict competition for example by including requirements that could only be met by bidders from one company, country or region). Where standards are referred to, equivalent standards must also be accepted.

Determining which criteria to use

As procurers cannot be expected to have detailed knowledge of the sustainability impacts across the life cycles of all the goods, services and works they procure, it is important to be able to make use of external assistance and information sources. Many public authorities involve their environmental/sustainability departments directly within the procurement process, in proposing technical specifications and award criteria, and possibly assisting in verification and evaluation of offers – particularly for bigger contracts, or those identified as high risk.

Although sustainable procurement remains primarily a voluntary mechanism, for certain specific sectors there are mandatory requirements for some levels of government, for example:

- The **EU Energy Star Regulation** (106/2008) obliges central government bodies and agencies to buy products at least complying with the Energy Star requirements.
- The **Clean Vehicles Directive (CVD)** (2009/33/EC) requires all public authorities to take energy efficiency, CO₂ emissions and harmful local exhaust pollutants into account when purchasing road vehicles.¹³¹
- The **Energy Performance of Buildings Directive (EPBD)** (2010/31/EU) requires all new buildings occupied and owned by public authorities from 31 Dec 2018 to be “nearly zero-energy” buildings.¹³²

Performance-based specification

A performance-based specification (often also called outcome-based or functional specification) is one which describes the performance to be achieved by the procured

¹³¹ The Clean Fleets guide on the procurement of clean and energy efficient vehicles provides advice on implementing the CVD

¹³² For guidance on sustainable and innovative procurement for public construction projects please see the SCI-Network Guide.

solution, rather than specifying the exact product or service which will achieve this. In other words it focuses on your actual needs, and lets the market suggest the best way in which these needs may be met, without being technically prescriptive. This type of approach is a key tool in the promotion of innovative solutions in procurement.

Using performance based specifications to procure innovative data analysis system for the London Fire Brigade, UK.

In order to understand current performance the London Fire Brigade procured a telematics and equipment tagging system to collect and analyse data from the vehicles. Performance based specifications were included in the invitation to tender through the detailed description of the functionality and outcomes needed, without prescribing how this functionality should be achieved.

Two companies were appointed to develop and install data collection systems as pilots, and flexibility within the contracts allowed certain technology challenges to be resolved through creative and innovative solutions.

Read more in the [FIREduP project report](#).¹³⁶

Drafting a technical specification by using outcome-based specifications requires careful attention – it is important to strike the right balance between leaving enough room for the supplier to propose innovative solutions while at the same time being precise enough to permit the award of the contract. It is important to define the exact performance which will be measured, and how this will be measured. Furthermore, both the drawing up of performance-based specifications and the evaluation of tenders may require additional (and potentially external) expertise within the procurement team.

Using labels¹³⁷

There are many product labelling and certification systems existing globally designed to indicate that labelled products meet certain environmental and/or social standards. For procurers, unlikely to have detailed knowledge on life cycle environmental and social impacts of every product or service they procure, labels can be invaluable tools.

A wide range of labels exist, however the ones which are of greatest use for procurement are those which have underlying criteria set by an independent body, are based on life cycle considerations and are monitored by a third party auditing process (often referred to as Type I or Type I-like labels according to ISO 14 024).¹³⁸ These are highly transparent and reliable sources

Sector specific guidance:

[The Clean Fleets guide](#)¹³³ on the procurement of clean and energy efficient vehicles in compliance with the CVD.

- [The SCI-Network Guide](#)¹³⁴ on sustainable and innovative procurement for public construction projects.
- [European Commission recommended GPP criteria](#)¹³⁵ for a wide range of typical product/service/works categories.
- Advice on six high priority product/service groups in Chapter V of this manual.
- Participants in the Procura+ Network may approach ICLEI for assistance in developing sustainability and innovation criteria for tender documents.

¹³³ www.clean-fleets.eu/fileadmin/files/documents/Publications/Clean_Fleets_Guide_-_Final__June_2014_.pdf

¹³⁴ www.sci-network.eu/fileadmin/templates/sci-network/files/SCI-Network_Guide_01.pdf

¹³⁵ www.ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

¹³⁶ www.bit.ly/2deRB93

¹³⁷ 2014/24/EU - Article 43

¹³⁸ For a definition of different types of environmental and sustainability labelling systems please visit: www.unep.org/resourceefficiency/Consumption/StandardsandLabels/Eco-abelling/tabid/101342/Default.aspx

Using labels to procure sustainable printing services in Zurich, Switzerland

Procura+ Participant Zurich switched from buying or renting machines to a service model for copying, printing and scanning. The following labels (or their equivalents) were accepted as evidence to demonstrate the sustainability of the products used in the service:

- Declarations/labelling regarding the energy consumption of the equipment
- Quality labelling
- Certifications for environmental and social/labour standards (ISO 14001, SA 8000)
- Ecolabels (Blue Angel, Energy Star, etc.)

The procurement of the service has enabled the City to drastically reduce its costs and the amount of print materials it produces.

Read more [here](#)¹³⁹ and at Zurich's Procura+ profile page [here](#).¹⁴⁰



of information about the environmental and/or social characteristics of goods, works or services. Some focus on one particular sector (e.g. FSC and PEFC for timber, MSC for fisheries), whilst others cover a large range of product and service sectors (e.g. EU Flower, Blue Angel or Nordic Swan).

Labels may be used in two different ways as part of procurement:

- to define the technical specifications, award criteria or contract performance clauses;
- to verify compliance with technical specifications, award criteria and contract clauses.

The 2014 Directives provide an enhanced ability to refer to and require labels, provided they are appropriate to define the characteristics of the goods or services being purchased, and:

Note: Whilst the 2014 Directives make it clear that both environmental and social characteristics can be addressed at any stage of the life cycle of a product in the award criteria and contract performance clauses, it is more ambiguous regarding the specifications. A conservative interpretation would be that only environmental and not social characteristics can be addressed in the specifications (see box on social criteria in technical specifications above).

- (a) they only concern criteria which are linked to the subject matter of the contract;
- (b) the criteria for the label are verifiable, and non-discriminatory;
- (c) they are established using an open and transparent procedure in which all relevant stakeholders, including government bodies, consumers, social partners, manufacturers, distributors and non-governmental organisations, may participate;
- (d) they are accessible to all interested parties; and
- (e) they are set by a third party over which the economic operator applying for the label cannot exercise a decisive influence.

¹³⁹ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue53_Case_Study108_zurich_output_management.pdf
¹⁴⁰ www.procuraplus.org/public-authorities/zurich

Most Type I and Type I-like labels will meet conditions (b) to (e), however this would need to be reviewed by the **contracting authority** before use.¹⁴¹

It will also be necessary to determine whether they also have criteria which are not specific to the product or service being purchased (requirement (a) above), such as general management requirements. For this reason, it is important to always review the criteria underlying a given ecolabel (most are available free online) prior to referring to it in tender documents.

Where all the above conditions are met, you can use the underlying criteria of the label to establish the environmental and/or social technical specifications, award criteria and/or contract performance clauses, and require the label to verify compliance.

There are two further conditions with regards to verification:¹⁴²

1. You must also accept other labels that confirm that the works, supplies or services meet equivalent label requirements.
2. If the tenderer can demonstrate that it had no possibility of obtaining the specific label or an equivalent label within the time limits, for reasons not attributable to themselves, they must be allowed to provide alternative proof, such as a technical dossier.

Where the label to be used meets requirements (a) to (e) above, the following approach may be used in a call for tender:

Technical specifications:

All products must meet the criteria of Label X, included in Annex Y.¹⁴³

Verification:

Label X certification for the offered products must be provided.

Other labels which demonstrate compliance with the same or very similar criteria



¹⁴¹ Following the 2014 Directives, many organisations running ecolabels will also be producing information on the compliance of their label with these criteria.

¹⁴² Both of these conditions offer the potential for different interpretations, and certainty may only come following official legal rulings:

Condition 1:

- How to define “other labels”. Our interpretation would be: other labels that also meet conditions (b) to (e) in the list above.
- How to define “equivalent label requirements”? A likely interpretation is that other labels with identical or very similar underlying requirements must also be accepted as proof of compliance

Condition 2: The definition of time limits is not clear – this could refer to the time between publishing a tender opportunity (or a PIN where the label requirement is specified) and receiving bids. It could alternatively be argued that provided a label was available on the market where the tender opportunity is published for a sufficiently long time (e.g. 2 years), then any economic operator would have had the opportunity to obtain the label.

¹⁴³ It may be sufficient to provide a link to a website where the criteria are available, but it is more secure to provide the criteria directly with the tender documentation

of Label X will also be accepted, provided that:

- (a) the criteria for the label are verifiable, and non-discriminatory;
- (b) they are established using an open and transparent procedure in which all relevant stakeholders, including government bodies, consumers, social partners, manufacturers, distributors and non-governmental organisations, may participate;
- (c) they are accessible to all interested parties; and
- (d) they are set by a third party over which the economic operator applying for the label cannot exercise a decisive influence.

If the tenderer can demonstrate that it had no possibility of obtaining the specific label or an equivalent label within the time limits, for reasons not attributable to themselves, alternative proof will also be accepted, such as a technical dossier.



Where the underlying criteria of a label also include criteria which are NOT specific to the product or service being purchased (i.e. not directly linked to the subject matter of the contract – for example a general environmental management system for the manufacturer), you may not require the label. However you may still refer to those underlying criteria which DO relate to it and accept the label as one of the forms of proof of compliance with these specific criteria.

3.6 Award criteria

Call for tender example – combined specifications and award criteria:

- **Specification:** All vehicles shall have maximum emissions of 115g CO₂/km.
- **Award criteria version 1:** 5 points will be awarded for vehicles with emissions of lower than 105g CO₂/km. 10 points will be awarded for vehicles with emissions of lower than 95g CO₂/km.
- **Award criteria version 2:** Up to 10 points will be awarded for vehicles with emissions lower than those required in the technical specifications. Exact points will be determined on a proportional scale between offers which meet the minimum requirement (which will receive 0 points) and the offer with the lowest emissions (which will receive 10 points).



At the award stage, all bids which are compliant with the minimum technical specifications are evaluated against a specific set of award criteria¹⁴⁴ – these may be a mix of cost and quality criteria. The 2014 Directives specifically mention the possibility of including environmental, social and innovation characteristics in the quality evaluation of bids. As with specifications, award criteria can relate to production processes or any other stage of the life cycle – for example the way in which raw materials are sourced, energy or water consumption during use, and the end-of-life recyclability or biodegradability of a product. As with specifications, labels may be used to define and prove compliance with award criteria (see section on **using labels** above).

Unlike the pass/fail nature of technical specifications, award criteria allow the possibility for contracting authorities to progressively reward better performance, or for points to be awarded if specific thresholds are reached/conditions met. Using award criteria in this way gives contracting authorities a useful mechanism to test what performance

¹⁴⁴ 2014/24/EU Article 67

is achievable and challenge the market to deliver the best solution. It is also useful for balancing environmental and social objectives against cost and general quality.

During the award stage costs may be assessed based on **purchase price alone**¹⁴⁵ or overall cost-effectiveness – which includes the possibility for **life cycle costing**¹⁴⁶ as set out in **Chapter IV**.

Award criteria may readdress characteristics included in the specifications (as in the vehicle example above), or they may be introduced for the first time here. It is important to ensure that award criteria are linked to the subject matter of the contract, and the criteria and evaluation methodology are clearly communicated in tender documents. The 2014 Directives make no distinction between environmental and social award criteria and so both can be treated in the same way. Addressing fair trade in procurement is examined in a separate section below.



As an alternative to setting pass/fail selection criteria during the selection stage, the 2014 Directives specifically also allow award criteria to address the organisation, qualification and experience of staff assigned to perform the contract, where the quality of the staff assigned can have a significant impact on the level of the **performance of the contract**.¹⁴⁷ However, this may only be assessed either in the selection phase or the award phase – not in both.

Award criteria may also evaluate proposed environmental management measures. Suppliers could be assessed on method statements on how they would address certain environmental issues when carrying out the contract – such as CO₂ reduction or waste management. The proposed actions could then be integrated into the final contract together with the appropriate performance indicators and associated penalties or bonus payments (see **contract performance clauses and management section below**).

3.7 Contract performance clauses and management

As highlighted above, many of the impacts which sustainable procurement aims to address will only arise during the delivery of a contract – particularly for services and works. The gains from sustainable and innovative procurement can often only be realised if they are reflected in the way a contract is performed and managed.¹⁴⁸ Often this may fall outside of the immediate role of those who have awarded the contract, so it is important that two elements are considered in advance.

The first is the use of robust **terms and conditions** which address the specific sustainable procurement/PPI aspects of a contract and provide for effective remedies in the event that they are not delivered. For example, in a construction contract you may wish to include conditions relating to the employment of apprentices, management of resources and waste on site, transport and noise. For a catering service contract, it makes sense to include contract terms relating to the management of food and packaging waste. Such terms should be highlighted in your tender documents, to ensure that bidders have provided for any associated costs or planning requirements. The 2014 Directives' rules on contract performance clauses are not as prescriptive as those which apply during the

¹⁴⁵ Although the 2014 Directives require award to be made based on the most economically advantageous tender (MEAT), this may still be determined based on price alone (2014/24/EU - Article 67.2)

¹⁴⁶ 2014/24/EU - Article 68

¹⁴⁷ 2014/24/EU - Article 67.2(b)

¹⁴⁸ 2014/24/EU - Article 70

procurement process itself, however they must be linked to the subject matter of the contract and cannot be subject to substantial changes during the term of the contract.



Sustainable procurement of office supplies in Ghent, Belgium

Procura+ Participant **Ghent** tendered for a new four-year framework contract for paper and office supplies. All products in the tender included green criteria and technical specifications. Contract performance clauses included a requirement for a reduction in deliveries by 85% (from daily to once or twice monthly). Extra points were also awarded for greener solutions, which resulted in sustainable packaging options offered in tenders. The tender achieved lower CO₂ emissions from the decrease in delivery frequency and new packaging options. Find out more [here](#)¹⁴⁹ and read the Ghent Procura+ Profile [here](#).¹⁵⁰

The second is a realistic appraisal and allocation of the time and resources which will be available to **monitor performance**. Specific individuals should be given the responsibility of making sure each requirement is met. For bigger purchasing bodies this function may sometimes be contracted out to a specialist external organisation. Social, environmental and innovation aspects of contracts can be complex and require an ongoing dialogue with the appointed contractor, to ensure you are realising your objectives.

Engaging with the contractor to mutually agree on performance levels before the contract begins reduces ambiguity and ensures buy-in from both sides, especially if incentives are offered alongside penalties.

An example of the above approach can be found in **Bristol City Council's call for tender**¹⁵¹ for waste collection trucks.

Table 3: Translating tender criteria into contract clauses to monitor and manage performance.

Award criteria	Contract performance clause	Verification
Points are awarded according to the % fuel savings bidders declare that they will make, over and above the target % saving set by the contracting authority.	Contractors must submit reports on mileage and fuel type at the end of each quarter for all vehicles involved in the service delivery. Penalties are given for falling below this target fuel savings threshold.	Quarterly submission of fuel receipts

¹⁴⁹ www.ec.europa.eu/environment/gpp/pdf/Buying-Green-Handbook-3rd-Edition.pdf

¹⁵⁰ www.procuraplus.org/public-authorities/ghent

¹⁵¹ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue33_Case_Study71_Bristol_Business_case.pdf

Social responsibility standards in Oslo, in Norway

Procura+ Participant Oslo requires that all of its suppliers follow either the eight ILO Fundamental Conventions on the freedom of association and right to collective bargaining, forced labour, discrimination and child labour, or the broader ten principles of the United Nation's Global Compact, which include human rights, labour, environment and anti-corruption standards. Failure to comply with these can result in breach of contract with the municipality. In 2013 Oslo established a framework agreement for monitoring compliance which can also be used by all other Norwegian public bodies.

Read more about this, and other success stories published by the LANDMARK project [here](#).¹⁵²

A carefully drafted contract and, where appropriate, service level agreement, will help to allocate responsibility and any risk associated with non-performance. Many public authorities have standard terms and conditions which allocate most of the risk associated with contracts to the supplier, but you should consider whether these are appropriate if you really want to encourage innovation or better environmental, economic and social performance. For example, if you want a contractor to actively contribute to your organisation's target for CO₂ reductions, you need to have clear contractual provisions and define how outcomes will be measured. The incentives or penalties which will apply under the contract should also reflect your sustainability and innovation goals.



3.8 Other considerations

The 2014 Directives allow further new opportunities to incorporate sustainability considerations:

Addressing fair trade in procurement

The concept of fair trade is specifically referred to in the recitals of the 2014 Directives, outlining that award criteria or contract performance clauses may relate to the supply or utilisation of fair trade products in the course of the performance of the contract to be awarded.

¹⁵² www.landmark-project.eu/fileadmin/files/en/LANDMARK_Success_Stories_2014_-_eng.pdf

Buying Sustainable Timber Guide procurement criteria for fair trade

Award criteria:

Products supplied under this contract must be produced according to the following principles of fair trade, endorsed by the European Parliament Resolution on Fair Trade and Development (2005/2245(INI)):

- a) A fair producer price, guaranteeing a fair wage, covering the costs of sustainable production and living. This price needs to be at least as high as the Fair Trade minimum price and premium where they have been defined by the international Fair Trade associations for the specific product(s) in question.
- b) Part payments to be made in advance if so requested by the producer.
- c) Producers are involved in standard-setting.
- d) Transparency and traceability throughout the supply chain to guarantee appropriate consumer information.
- e) Conditions of production respecting the eight International Labour Organization (ILO) Core Conventions.
- f) Respect for the environment, protection of human rights and in particular women's and children's rights and respect for traditional production methods which promote economic and social development.
- g) Capacity building and empowerment for producers, particularly small-scale and marginalised producers and workers in developing countries, their organisations as well as the respective communities, in order to ensure the sustainability of fair trade.
- h) Support for production and market access for the producer organisations.
- i) Awareness-raising activities about fair trade production and trading relationships, the mission and aims of fair trade, and about the prevailing injustice of international trade rules.
- j) Monitoring and verification of compliance with these criteria, in which producer organisations must play a greater role, leading to reduced costs and increased local participation in the certification process.
- k) Regular impact assessments of the fair trade activities.

For the avoidance of doubt, application of the above principles will be assessed only in relation to the specific production arrangements proposed for the contract in question.



There are some slight variations in definitions of fair trade used by different labelling and certification systems. However, the set of principles outlined in the European Parliament Resolution of Fair Trade and Development (2005/2245(INI)) provides a useful reference point.

Where you wish to address fair trade in procurement, it is important to ensure the criteria are directly linked to the subject matter. The sample wording below is based on that presented within the **Buying Sustainable Timber Guide** (page 17).¹⁵³

Verification:

Tenderers must provide evidence that these principles are met. This may include the possession of the Fairtrade label, or products demonstrated as being imported and distributed by Fair Trade Organisations (recognised by the World Fair Trade Organisation). Other forms of third party verification will also be accepted.

Contract performance clause:

The contractor must supply proof of the fair trade origins of the products used in carrying out the contract. This may include the possession of the Fairtrade label, or products demonstrated as being imported and distributed by Fair Trade Organisations (recognised by the World Fair Trade Organisation). Other forms of third party verification will also be accepted.



Reservation of certain contracts¹⁵⁴

One way of addressing the social impact of procurement is to reserve certain contracts for competition by enterprises which have a specific social mandate. There are two ways of doing this under the 2014 Directives – both of which are optional for Member States to implement. The first is to reserve contracts for competition by sheltered workshops or employment programmes where at least 30% of the employees are disabled or disadvantaged.¹⁵⁵ The main aim of the organisations must be the social and professional integration of such persons.

The second option is to reserve contracts for social, health, cultural or other specific services for competition by enterprises with a public service mission linked to the activities in question.¹⁵⁶ There are specific requirements regarding the treatment of profits and the ownership structure of such enterprises, and contracts awarded in this way cannot exceed

¹⁵³ www.sustainable-timber-action.org/fileadmin/files/STA_Toolkit/Buying_Sustainable_Timber_-_STA_Guide__Nov_2013.pdf

¹⁵⁴ 2014/24/EU - Articles 20 and 77

¹⁵⁵ This resembles a provision which was in the 2004 Directives, however, it has been expanded to include all categories of disadvantaged workers (the term is not defined in the 2014 Directives).

¹⁵⁶ Article 77 of Directive 2014/24/EU lays down the conditions which must be met by such enterprises

three years or be awarded to an enterprise which has benefitted from the reservation in the past three years.

Where either of the two reservation options is being used, this must be indicated in the OJEU notice.



Social, health and cultural services¹⁵⁷

One of the criticisms of the 2004 Directives was that the rules were often unsuitable for services which are governed less by market considerations and more by social needs. A response to this can be found in Title III of the Public Sector Directive (2014/24/EU), which sets out a lighter regime for certain social, health and cultural services along with various other categories. Separate rules and principles apply to the award of these contracts, for example:

- A higher threshold of €750,000 applies for these contracts.
- A contract notice/PIN and award notice must be published above this threshold, but the detailed procedures set out in the Directives do not apply.
- National legislation may establish rules for award of these contracts, ensuring that contracting authorities can take into account "quality, continuity, accessibility, affordability, availability and comprehensiveness of the services, the specific needs of different categories of users, including disadvantaged and vulnerable groups, the involvement and empowerment of users and innovation."

Achieving social value in the Scottish Crime Campus, UK

The Scottish Crime Campus project, with a value of £65 million, was completed in November 2013. The aim of the project was to improve efficiency and bring together four of Scotland's crime fighting organisations in one location while also benefitting the community. The project aimed to create opportunities for 16-19 year olds, address displaced apprentices and cater for SMEs. The procurement ensured that these objectives were achieved by taking sustainable procurement into account, at every stage of the tender process.

The full case study is available [here](#).¹⁵⁸

Fully electronic tendering

Under the 2014 Directives all public procurement will have to be fully electronic by October 2018 – central purchasing bodies have an earlier deadline of April 2017.¹⁵⁹ The transition to full e-procurement is highly relevant for sustainable procurement and PPI for three reasons. First, it is expected to facilitate participation in calls for tender by a greater and more diverse range of enterprises, given the specific rules on access to electronic

¹⁵⁷ 2014/24/EU - Articles 74-76

¹⁵⁸ www.scotland.gov.uk/Topics/Government/Procurement/casestudies/GartcoshCaseStudy

¹⁵⁹ i.e. tender opportunities will be advertised online, and tenders must be submitted electronically

tools used in procurement. Second, it will require e-procurement providers to adapt their systems to reflect the new rules, which may also prove an opportunity to include further functions to implement and track sustainable procurement criteria. Third, it will reduce the amount of paper and transport involved in tendering, as all documents will now have to be sent electronically unless a specific exemption applies. The adoption of a separate directive on e-invoicing will support this last development further. More information can be found on the **European Commission's website**,¹⁶⁰ and in the **March 2016 GPP News Alert**.¹⁶¹

Sustainable procurement and e-procurement systems

For sustainable procurement to be effectively mainstreamed, e-procurement systems must facilitate and track its use. For example, e-procurement systems should enable users to:

- identify contracts which have sustainable procurement or PPI elements (e.g. through use of keywords or tick boxes);
- choose from relevant criteria and contract terms;
- evaluate performance against the chosen criteria;
- apply life cycle costing; and
- generate reports on specific criteria or objectives (e.g. % of contracts including energy-efficiency requirements).

E-procurement systems also have the ability to foster a more collaborative approach to sustainable procurement/PPI, by giving suppliers better access to information on contracts.



eProcurement in Växjö, Sweden

Procura+ Participant **Växjö**, Sweden, implemented an e-purchasing system that has helped streamline the procurement process, making huge efficiency savings and allowing both price and quality benefits of products, such as compliance with ecolabel requirements, more easily identifiable.

Read more in the **GPP News Alert**¹⁶² and at Växjö's Procura+ participant page [here](#).¹⁶³

¹⁶⁰ www.ec.europa.eu/growth/single-market/public-procurement/e-procurement_en

¹⁶¹ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue59_NewsAlert_March.pdf

¹⁶² www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue32_NewsAlert_Interview.pdf

¹⁶³ www.procuraplus.org/public-authorities/vaxjo

3.9 The 2014 Directives – Reference

Table 4: The table below gives references to the appropriate articles¹⁶⁴ in the 2014 Directives, for the opportunities outlined above.

Procurement Stage	Opportunities to address sustainability and innovation
Definition of contract	<ul style="list-style-type: none"> • Reservations for workshops employing disadvantaged or disabled workers, or for non-profit social enterprises (Articles 20 and 77) • Lighter regime for social, health, cultural and other specific services (Title III - Articles 74-76) • Division of contracts into lots to facilitate SME participation (Article 46)
Choice of procedure	<ul style="list-style-type: none"> • Preliminary market consultation (Article 40) • Innovation partnership, competitive dialogue or competitive procedure with negotiation ('flexible procedures') to help target sustainable procurement/PPI (Articles 29-31) • Frameworks, central and joint purchasing to pool demand (Articles 33, 37 and 38) • Fully electronic tendering (Article 22)
Selection/ exclusion	<ul style="list-style-type: none"> • Compliance with fundamental labour and environmental law (Article 18/Annex X) • Exclusion for child labour, human trafficking or non-payment of tax or social security (Article 57) • Technical ability and evaluation of previous experience (Article 58 and Annex XII) • Environmental management measures (Article 62)
Technical specifications	<ul style="list-style-type: none"> • Production processes and methods (Article 42) • Functional or performance based specifications (Article 42) • Accessibility or design for all users (Article 42) • Environmental or social standards (Article 42) • References to labels (Article 43) • Use of variants to allow alternative solutions (Article 45)

¹⁶⁴ Article numbers refer to the Public Sector Directive (2014/24/EU) but similar provisions appear in the Utilities Directive and, in some cases, the Concessions Directive.

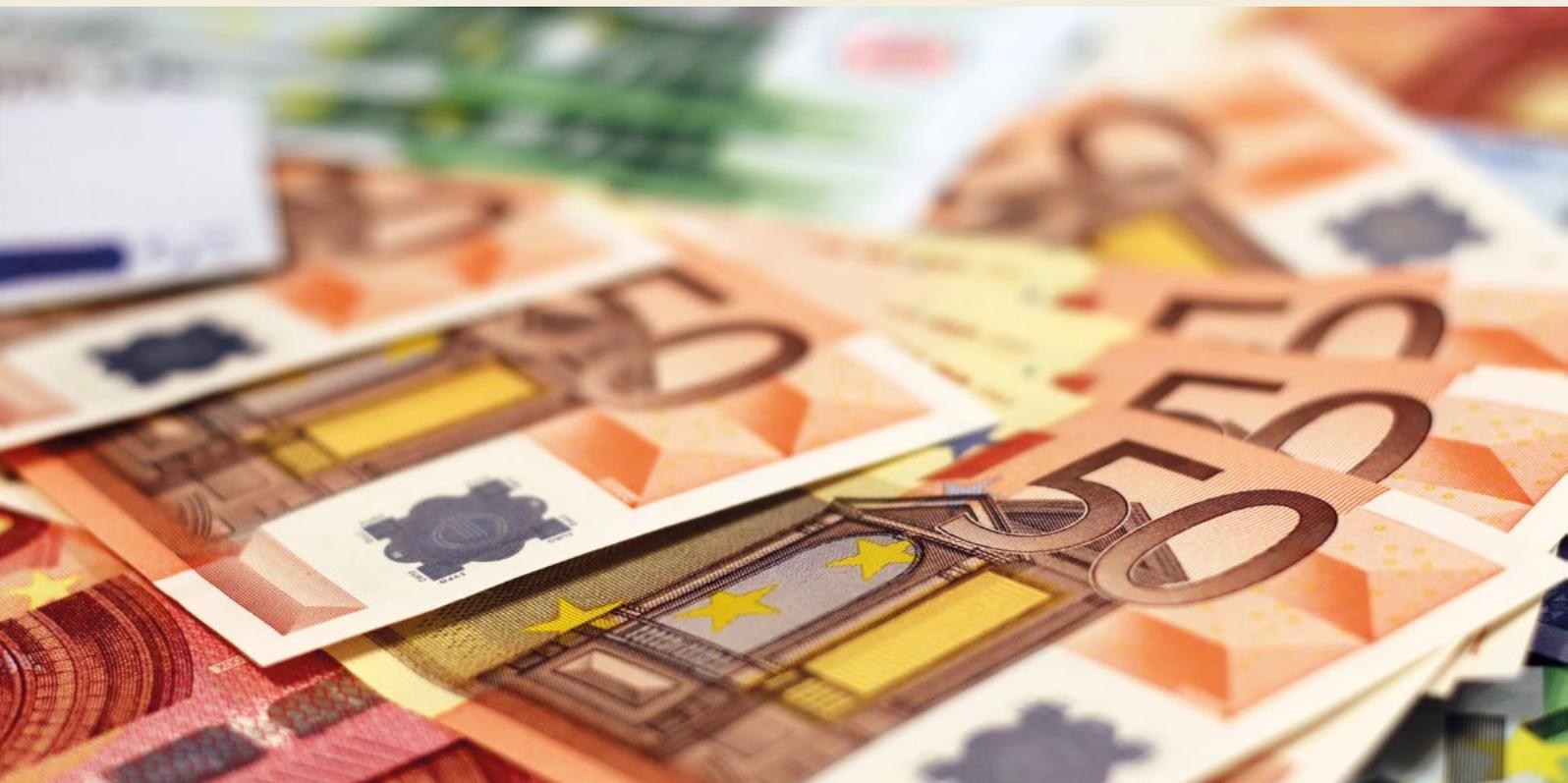
Award criteria	<ul style="list-style-type: none"> • Environmental, social and innovation characteristics (Article 67) • Life cycle costing (Article 68) • References to labels (Article 43) • Possibility to limit number of lots awarded to one bidder (Article 46) • Rejection of abnormally low tenders (Article 69)
Contract performance	<ul style="list-style-type: none"> • Environmental or social conditions for performance (Article 70) • Compliance by subcontractors with fundamental labour and environmental law (Article 71) • Possibility for direct payment of subcontractors (Article 71)

Need more advice on integrating sustainability into your tender procedures?

Procura+ participants can benefit from receiving direct advice from ICLEI, and exchanging with others in the Network.

www.procuraplus.org





CHAPTER IV

THE REAL COSTS OF PROCUREMENT

Assessing the real costs of procurement means calculating the total cost of an asset, from the point of purchase right through to the use phase and including the end-of-life costs. The life cycle costing (LCC) approach considers:

- **Acquisition costs** – purchase price (or leasing costs), and other one-off costs such as installation/infrastructure costs and training costs.
- **Operation costs** – e.g. energy/water consumption, consumables, or waste generation.
- **Maintenance and repair costs.**
- **Disposal costs** (or remnant value).

Further costs can be added which are not borne directly by the purchasing organisation but by society at large. These costs are often referred to as environmental and social “**externalities**”.¹⁶⁵

In an ideal world, we would be able to calculate the true cost – economic, social and environmental – of every purchase we make. Unfortunately, most public sector organisations are still faced with budgets which prioritise upfront purchase price over longer-term costs, and which may ignore social or environmental costs altogether. These problems can be exacerbated if one department (or organisation) purchases a product, service or work but another is responsible for its operation, maintenance and disposal. Such a scenario presents the so called 'split incentive' problem.

¹⁶⁵ To this list the costs of the procurement process itself could also be added – particularly relevant where more complex procedures, such as competitive dialogue, or in-depth market research are applied.

The 2014 Directives are designed to encourage an increase in the use of LCC in public procurement, and provide clear guidelines for how this should be applied. The purpose of this chapter is to identify tools and techniques which will help you to move towards a more realistic and sustainable evaluation of costs in procurement. It will cover the following topics:



- how different elements of the procurement process can influence real cost;
- assessing real costs in procurement – life cycle costing (LCC);
- monetising environmental and social externalities; and
- the evidence – the financial impact of sustainable procurement.

4.1 Impact of each procurement stage on real costs

There are many considerations which will determine the real cost of a contract, and many of these occur at an early stage of the procurement process – before the cost of offers is evaluated. The table below provides a brief overview of some of these. Naturally the underlying conditions in the market are also important – if no suppliers are willing to deliver sustainable and innovative solutions then even the best-designed tender process will not help. Fortunately there are a decreasing number of sectors in which this will be the case.

Table 5: Impact of procurement stages on real cost

Steps/Decisions	Impact on Real Costs
Pre-procurement stage	
Needs assessment	<ul style="list-style-type: none"> • Sets scope and nature of requirements. Assessing real needs in terms of outputs will allow a more flexible, and potentially cost-effective response from the market
Market consultation	<ul style="list-style-type: none"> • Identifies potential solutions and gathers intelligence on their potential cost impacts
Central or joint procurement	<ul style="list-style-type: none"> • May create economies of scale • May reduce cost of the procurement process itself, by sharing these between participating authorities
Definition of contract	
Contractual model – e.g.: <ul style="list-style-type: none"> • Service vs. supply (e.g. for software or printing) • Contract vs. framework (single or multiple suppliers) • Duration of contract or framework 	<ul style="list-style-type: none"> • Definition of contract • Can affect pricing and incentives, how attractive the opportunity is to contractors, and the contractors' ability to invest in sustainable procurement or PPI



Division into lots	<ul style="list-style-type: none"> Increases competition by enabling SMEs to bid
Choice of procedure	
Type of procedure and time frames: <ul style="list-style-type: none"> OJEU level call for tender or local/national (if below threshold) Open or multi-stage procedure Time periods for expressions of interest and tenders 	<ul style="list-style-type: none"> Determines field of competition, the number of likely submissions and the quality of those submissions
Use of flexible procedures such as competitive dialogue	<ul style="list-style-type: none"> Can help to understand real costs and tailor requirements closely
Selection/Exclusion	
Selection based on technical capacity and experience	<ul style="list-style-type: none"> Targets companies most suitable to deliver sustainable procurement requirements in a cost-efficient manner
Technical specifications	
Standards vs. outcome based Allowing variants	<ul style="list-style-type: none"> Determines room for innovation, and flexibility for the market to determine the most efficient means to achieve the desired outcome
Energy/ fuel efficiency specifications	<ul style="list-style-type: none"> Reduced operational costs
Requiring closed loop systems i.e. goods returned to supplier at end of life	<ul style="list-style-type: none"> Has the potential to reduce disposal costs
Award criteria	
Use of LCC to compare bids	<ul style="list-style-type: none"> Allows real costs to be assessed (see section on LCC below)
Quality criteria on energy/fuel efficiency and/or disposal aspects	<ul style="list-style-type: none"> May lead to reduced operational or disposal costs, depending on weighting given and bids received
Contract performance	
<ul style="list-style-type: none"> Incentives or gainshare for savings linked to sustainable procurement e.g. energy performance contracts 	<ul style="list-style-type: none"> Both parties can benefit financially from sustainable procurement savings

4.2 Assessing real costs in procurement – life cycle costing (LCC)

Whilst the above aspects will have a clear impact on real costs, LCC is a method for directly calculating and comparing the real costs of different alternatives for use in procurement decision making. LCC is typically used at two stages of a procurement exercise:

- **Planning** – to assess the real cost impact of alternative options to determine the scope of a call for tender (e.g. comparing alternative vehicle technologies/fuels for a bus call for tender).
- **Tender evaluation** – directly comparing the life cycle costs of different bids.

LCC vs. LCA

Life cycle costing (LCC) is sometimes confused with life cycle assessment (LCA) – however they are very different.

Where LCC calculates the costs of a product throughout its life cycle (which can include giving a monetary value to environmental externalities), LCA assesses the environmental impacts, such as greenhouse gas emissions, over the life cycle.

Both aspects are of course important for the application of sustainable procurement. However, whereas LCC can easily be applied by procurers, LCA requires a lot more time and specialist expertise. It is therefore worth making use of already existing LCA comparisons, such as those used in the preparation of ecolabel criteria.

What does LCC Cover?

When using LCC to determine cost during tender evaluation the 2014 **Directives**¹⁶⁶ lay out clear rules for how this should be carried out and what may be included.

The following costs may be taken into account, whether they are borne by the contracting authority or other users:

- (I) costs relating to acquisition;
- (II) costs of use, such as consumption of energy and other resources;
- (III) maintenance costs;
- (IV) end of life costs, such as collection and recycling costs; and
- (V) costs imputed to environmental externalities linked to the product, service or work during its life cycle (e.g. greenhouse gases and other pollutant emissions, or other climate change mitigation costs) if their monetary value can be determined and verified.

There are three broad approaches to evaluating cost in tendering:

1. Lowest price

This remains the most common method for determining cost in tender evaluation, however the 2014 Directives aim to encourage an increase in the use of LCC.

¹⁶⁶ 2014/24/EU - Article 68

2. Direct cost LCC/total cost of ownership (TCO)

This approach, considers only those costs borne directly by the contracting authority over the period of ownership (i.e. costs (i) to (iv) in the list above).

This is the most common form of LCC, and is applied as a matter of course in the private sector. Although it remains relatively rare in the public sector (for the reasons outlined in the introduction), its use is increasing. It is of particular relevance in sectors where a large proportion of costs are related to operation – such as vehicles, buildings or lighting.

3. LCC including “externalities”

This approach includes all costs from (i) to (v) from the list above – it requires giving a monetary value to environmental externalities, such as CO₂ emissions, resource use or local air pollutants, which is then directly added to the cost calculation.

This approach remains very rare within public sector procurement, however increasingly strict environmental legislation and ambitious targets will likely change this situation.

There are certain exceptions. In the UK, the CRC Energy Efficiency Scheme, which limits the CO₂ emissions of large public authorities (with an associated emissions trading scheme), has given a financial value to CO₂ emissions which are therefore sometimes taken into account in procurement. The Clean Vehicles Directive (see box) also presents a methodology for monetising environmental externalities.

Clean and Energy Efficient Vehicles

Directive 2009/33/EU requires public authorities to take energy and emissions into account when procuring road transport vehicles. This can be done by addressing these considerations in technical specifications and/or contract award criteria.

Where award criteria are used, there is an option to monetise the costs of certain emissions (CO₂, NO_x, particulate matter, NMHC) and the energy or fuel costs of vehicles during their operational lifetime. Values are provided for the cost of different types of emission and lifetime mileage assumptions.

See the [Clean Fleets guide to procuring clean and efficient road vehicles](#)¹⁶⁷ for more information.

Implementing LCC in tendering

The 2014 Directives also lay out conditions related to how LCC is implemented in tendering. You must indicate the methodology which will be used for LCC in your tender documents, and specify the data which is to be submitted by bidders. The method chosen must:

- (a) be based on objectively verifiable and non-discriminatory criteria;
- (b) be accessible to all interested parties;
- (c) not require more than a reasonable effort from bidders in terms of data submission; and
- (d) follow any common, mandatory EU method for calculating LCC which applies in the sector.¹⁶⁸

The objective of these conditions is to ensure transparency and equal treatment where LCC is used. It is within the interests of procurers and suppliers/ service providers to ensure that the rules for LCC calculation are clear in tender documents. This will reduce the time taken to clarify and confirm costs at the tender evaluation stage.

A number of different LCC tools and methodologies are available for the procurement of goods, works and services – particularly for the direct cost LCC approach. Where a mandatory method does not exist, it is also possible for you to develop your own methodology, provided these conditions are met.¹⁶⁹

¹⁶⁷ www.clean-fleets.eu/fileadmin/files/documents/Publications/Clean_Fleets_Guide_-_Final__June_2014_.pdf

¹⁶⁸ Currently the only example of this is the methodology outlined in the Clean Vehicles Directive (2009/33/EU), but this may change in coming years.

¹⁶⁹ 2014/24/EU – recital 96. This also states, however, that such methodologies should not be set up specifically for a particular public procurement procedure. Although this is not repeated in Article 68 on LCC, this would encourage the development of tools to be used over the longer term for more than a single procurement exercise.

In choosing between methodologies, the most important considerations in addition to ensuring the above conditions are met are:

- the transparency of the methodology;
- the ability of bidders to provide the information requested; and
- the ability of the authority to assess and verify the information received.

The appropriate methodology to apply may depend on the specific call for tender. Not every category of costs will be relevant or significant for every contract – for example if you are purchasing services there may be no end-of-life costs. Once you have identified your needs and the main environmental and cost impacts you want to consider, there are a number of sources and tools you can consult on LCC. A selection of these is highlighted below.



Table 6: LCC Tools and Resources¹⁷⁰

SMART SPP Guide and Excel Tool ¹⁷¹	A Microsoft Excel (R) tool specifically designed to calculate LCC and CO ₂ in public procurement, with accompanying guidance and examples.
Clean Fleets LCC tool ¹⁷²	A tool to calculate LCC for vehicle purchases, which incorporates the methodology of the Clean Vehicles Directive for monetising externalities.
SEAD lighting costs calculator ¹⁷³	Tools to evaluate the light quality, energy consumption, and life cycle costs of indoor and street lighting alternatives.
LCC for sustainable construction ¹⁷⁴	Methodology for LCC in construction developed on behalf of the European Commission, together with guidance and examples.
Harvard University LCC calculator ¹⁷⁵	LCC calculator for new construction, renovation, equipment replacement and other projects.
Buy Smart Tools ¹⁷⁶	A general LCC calculation tool produced by the Berliner Energieagentur (Berlin Energy Agency) within the Buy Smart project, together with specific tools for the product groups: lighting, vehicles, domestic appliances, IT and green electricity.

¹⁷⁰ New tools are being developed all the time. For an up-to-date list please visit the Sustainable Procurement Platform, which contains a large database of tools and resources on SPP: www.sustainable-procurement.org

¹⁷¹ www.smart-spp.eu/

¹⁷² www.clean-fleets.eu/fileadmin/files/documents/Publications/LCC_tool_Aug_2015/Clean_Fleets_LCC_tool_-_EN.xlsm

¹⁷³ www.superefficient.org/Tools/Street-Lighting-Tool.aspx

¹⁷⁴ www.bit.ly/LCCconstruction

¹⁷⁵ www.green.harvard.edu/topics/green-buildings/life-cycle-costing

¹⁷⁶ www.gpp-proca.eu/downloads/calculation-tool/

4.3 The evidence – the cost impact of sustainable procurement

There are an increasing number of documented examples demonstrating the savings which can be achieved when energy consumption or other life cycle costs are taken into account. A few of these are presented in the boxes below. Further examples may be found in the **Examples of GPP in Practice** found on the European Commission's GPP website. Several large scale studies have been conducted to study the wider evidence base, focusing on the application of environmental criteria in calls for tender across Europe. A study conducted in 2009 found an average of 1.2% reduction in life cycle costs and 25% reduction in CO₂ emissions based on the application of GPP criteria for nine product and service groups in **seven EU countries**.¹⁷⁷ In a 2011 study, roughly half of the respondents reported that costs increased, while the other half reported that costs remained constant or decreased when GPP or innovation requirements were included in calls for tender. For socially responsible procurement, 34% of respondents reported constant or decreasing costs, whereas 21% reported cost increases. For all three forms of sustainable procurement (green, social and innovation), only a small number of respondents (<10%) reported difficulty attracting **suitable offers**.¹⁷⁸



Authority: Helsinki City Council, Finland

Subject matter: Framework contract for energy efficient IT equipment and services

Approach to real costs: The tender was divided into five lots which covered desktop computers (standard and power models), laptops/notebooks and computer monitors, and all lots included services. Approximately 10,000 computers are purchased each year by the City. Environmental criteria used were developed on the basis of sound market practices. Market dialogue (done by meeting up with potential suppliers) activities pushed the ambition level of the criteria. The **GPP 2020 calculator**¹⁷⁹ for office ICT equipment was partly used throughout the tendering process to estimate the energy consumption and operating costs of office equipment and the savings with Energy Star.

Results: The total purchases made from the framework contract are expected to yield energy savings of 27% and cost savings of €72,000 over the lifetime of the products – offsetting a total of 172 tonnes of CO₂ equivalents.

Read the full case study [here](#)¹⁸⁰ and view Helsinki's Procura+ Profile [here](#).¹⁸¹

¹⁷⁷ Pricewaterhousecoopers, Significant and Ecofys (2009). The product groups included in the study were cleaning services, construction, electricity, catering and food, gardening, office IT equipment, paper, textiles and transport. The cost and CO₂ impacts were calculated based on comparison of non-green or standard products and green products as defined under the EU GPP criteria.

¹⁷⁸ Essig, M., Frijdal, J., Kahlenborn, W. and Moser, C. (2011). Strategic Use of Public Procurement in Europe: Final Report to the European Commission. Brussels, Belgium: European Commission, Directorate-General Internal Market and Services at pgs 23-24.

¹⁷⁹ www.gpp2020.eu/low-carbon-tenders/measuring-savings

¹⁸⁰ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue59_Case_Study120_ICT_Helsinki.pdf

¹⁸¹ www.procuraplus.org/public-authorities/helsinki

Authority: Eastern Shires Purchasing Organisation (ESPO) on behalf of Cambridge City Council

Subject matter: LED lighting for a multi-storey underground car park

Approach to real costs: Cambridge City Council identified the potential for significant cost savings by replacing the lighting in one of its multi-storey car

parks. The car park operates 24 hours a day throughout the year and was previously lit by 200+ metal halide lights rated at 150 W. An Electrical Design Consultant was employed to review the system and draw up a specification to replace it with light-emitting diodes (LEDs).

Following a market engagement exercise tenders were invited, with the following award criteria being used:

- Price
- Recycling and re-use
- Energy savings (including energy usage in watts and energy savings (%) compared with the traditional style lights)
- Robustness
- Warranty period

Results: The successful bidder provided a high-quality LED lighting solution, good installation service and competitive pricing – the cost of £77,100 represented a 35% saving against the initial budget.

Read the full case study [here](#).¹⁸²

In terms of costs and product availability, some organisations may worry that including sustainability criteria will make it more difficult for small and medium sized enterprises (SMEs) to participate. Research on this question does not support that view, instead suggesting most SMEs see green criteria as offering a basis on which they can compete effectively. A 2013 Eurobarometer survey of SMEs from across Europe found that of those who had bid for public contracts including GPP criteria, 77% per cent said that they did not experience any difficulty with these requirements, while 21% reported some **difficulty**.¹⁸³ Many SMEs see sustainable and innovative procurement as a key business opportunity.

Overall, research carried out to date is broadly supportive of the idea that sustainable procurement will not, on average, lead to increased costs or decreased availability of products or services. Another point which emerges from the studies is that, as levels of sustainable procurement increase in a country, cost savings are more likely to arise as product availability improves. It can still be difficult to predict the effect which sustainable procurement criteria will have in an individual call for tender. For this reason,



¹⁸² www.smart-spp.eu/fileadmin/template/projects/smart_spp/files/Case_studies/EN_ESPO_SMARTSPP_Case-Studies.pdf

¹⁸³ European Commission (2013) Flash Eurobarometer 381: SMEs, Resource Efficiency and Green Markets, pg 73

it is recommended to address questions about costs and product availability at the pre-procurement stage, for example through market consultation or testing. If concerns remain about the impact on cost or product availability, then sustainable procurement criteria may be best included at the award stage (e.g. by applying LCC or awarding points for innovation, environmental or social characteristics) to allow you to fully evaluate any impacts on costs and make a decision which takes this into account. Variants can also be allowed in technical specifications so that you can compare environmentally or socially preferable alternatives.

Costs vs. risks

It is often said that public sector organisations are risk-adverse, and in many cases they have good reason to be. No procurement department wants to be responsible for a legal challenge or a failed contract. In some cases however, the risks of not engaging in sustainable or innovative procurement may be underestimated. These include:

- Increased costs linked to waste and resource use
- Delays to contract performance due to poor environmental/social management
- Risks to reputation and support from citizens
- Being left behind as new technology is developed

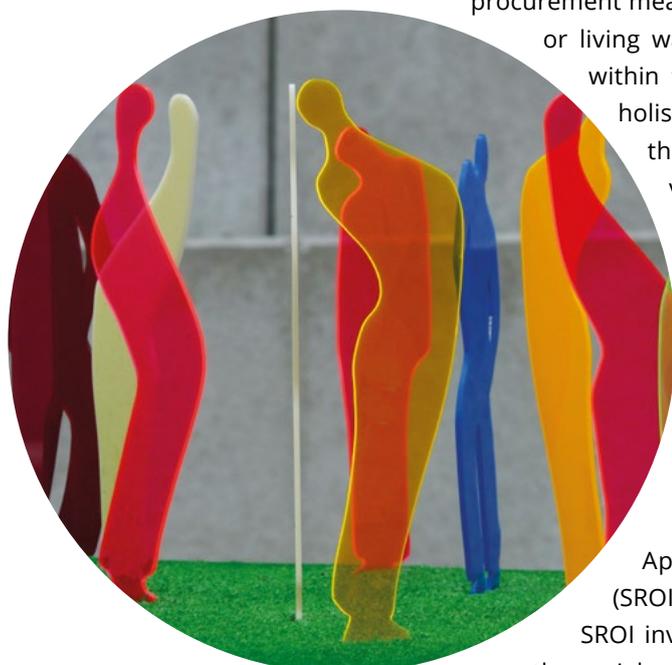
While it is not always possible to assign a cost to these risks, they should be considered at the planning stage of procurement or when a 'business case' needs to be made for sustainable procurement.

4.4 Social responsibility and value

Social responsibility can be more difficult to assess from a cost perspective, and some would argue that it is more important than numbers. Certain socially responsible procurement measures such as a requirement for contractors to pay a decent or living wage may come with a direct cost, which can be evaluated within the tender process. Many organisations also have a more holistic understanding of the impact of their procurement on the communities they serve, which allows them to take social value into account when contracts are awarded. For example, the purpose of a works contract may be in part to help secure employment for disadvantaged workers, with gains expected to result in the reduction in demand for benefits or social problems linked to unemployment. In other cases the design and specification of a website which is fully accessible to disabled users may incur some upfront costs, but will reduce the need for other special arrangements to reach these citizens.

Approaches such as calculating the Social Return on Investment (SROI) have gained ground in both the public and private sectors. SROI involves an assessment of the overall impact of activities and the social value created. It can be used to compare different options for investment or procurement, by assigning financial costs to these impacts and values according to established accounting principles.

Guidance and tools for SROI calculation are available at: www.socialvalueuk.org



The United Nations Environment Programme has also developed Guidelines for Social Life Cycle Assessment of Products, which are available [here](#).

4.5 Taking a holistic view

One of the purposes of adopting a sustainable procurement policy is to allow your organisation to take a broader and longer-term view of value for money. This may involve challenging existing budgetary and procurement practices, although the legal framework is becoming increasingly supportive of these changes. Methods such as LCC and evaluating SROI can often be more effective if contractors are consulted and allowed to feed in to the process. Other teams and departments within the organisation may also be able to feed in data, particularly where they will be using the goods or services being purchased. LCC and SROI may not transform procurement overnight, but they can be refined over time so that they help to deliver your organisation's sustainable procurement objectives. A comparison might be made with approaches such as category management or investment in professional training for procurement staff – they are not 'quick fixes' but strategies which bear fruit over time, provided the support and expertise is available to carry them out. The same view should be taken of sustainable procurement when costs are being considered.

Need more advice on life cycle costing?

Procura+ participants can benefit from receiving direct advice from ICLEI, and exchanging with others in the Network.

www.procuraplus.org



CHAPTER V

KEY SECTORS FOR SUSTAINABLE PROCUREMENT

This section presents an overview of sustainable procurement approaches to be considered, together with links to guidance and sustainable procurement criteria available in Europe, for six key product and service groups:



1. Construction



2. ICT (information and communication technology)



3. Cleaning



4. Food and catering



5. Vehicles



6. Electricity

In addition to accounting for a large proportion of public sector spending, these product and service groups are also responsible for a high proportion of the environmental, and in some cases social, impacts of procurement. Individual organisations may wish to prioritise certain product groups, or to implement sustainable procurement across all of them. Examples are given of how public authorities have successfully applied sustainability criteria in each of these sectors. The criteria listed are just some of the sets available – for a full listing go to the **Sustainable Procurement Platform**¹⁸⁴ and search for the product or service you are buying.

Sustainable procurement criteria are designed to be inserted directly into tender documents and are usually accompanied by notes or guidance on their application. To be compliant with the EU procurement rules, they should avoid any brand names or proprietary processes, be capable of an objective assessment and be accompanied by information about how compliance or performance can be demonstrated (e.g. an ecolabel or technical report from the supplier). Sustainable procurement criteria may relate to any stage of the procurement process but technical specifications and award criteria are the most commonly targeted areas. The role of these different stages of the procurement process in delivering sustainable procurement is discussed in **Chapter III** of this Manual.

The criteria presented here can generally be used in any relevant procurement processes – keep in mind that if you are using the open procedure then any selection criteria will need to be assessed on a pass/fail basis. Choice of criteria for an individual call for tender will depend upon your organisation's level of ambition, priority areas and existing levels of sustainable procurement implementation as well as information about market structure and capacity gathered at the pre-procurement stage. There is no 'one-size-fits-all' approach, but some common and successful criteria for implementing sustainable procurement are identified here.

¹⁸⁴ www.sustainable-procurement.org



1. Construction

Impacts

The construction sector in Europe accounts for about 10% of GDP and **one in fifteen jobs**.¹⁸⁵ It is also responsible for about a third of greenhouse gas emissions resulting from human activity, and uses more than half of the **raw materials extracted from the earth**.¹⁸⁶ Although new buildings have become more energy and water efficient, the operational phase still accounts for the majority of life cycle environmental impacts associated with buildings. Roads also require a large amount of materials and energy to maintain. Waste, land use and impacts on transport add to the overall environmental footprint of construction activity.

The human impact of construction is difficult to overstate. Upstream in the supply chain, those employed in extracting construction materials are often subjected to unethical working conditions. Mining and quarrying can be associated with the exploitation of workers **including children**,¹⁸⁷ and unsustainable timber harvesting impacts not only on the natural environment but also the **surrounding communities**.¹⁸⁸ Injuries and even death are still common on Europe's construction sites, with exposure to hazardous substances, noise and impacts on health and wellbeing for those who build and occupy structures being of particular concern. Employment equality in the construction sector is also a problem, with a large observed gender pay gap and issues regarding the treatment of migrant workers in particular. Cost pressures in construction supply chains have also seen deterioration in the availability and quality of **training and apprenticeships**.¹⁸⁹ Accessibility for all users also remains an ideal rather than a reality.

The good news is that the public sector has a lot of power to influence practices in the construction industry and obtain better environmental, social and economic outcomes. It is also a key area for pursuing innovation, both in the design of works and the processes

¹⁸⁵ European Construction Industry Federation (2013) Construction in Europe: Key Figures, Activity 2012

¹⁸⁶ Eco-Innovation Observatory (2011) Resource-efficient construction – The role of eco-innovation for the construction sector in Europe, Eco-Innovation Thematic report.

¹⁸⁷ International Labour Organisation: Mining and Quarrying www.ilo.org/ipec/areas/Miningandquarrying/lang--en/index.htm

¹⁸⁸ Sustainable Timber Action (STA) Project Toolkit: www.sustainable-timber-action.org/toolkit/

¹⁸⁹ On these impacts see Martinuzzi, Kudlak, Faber and Wiman CSR Activities and Impacts of the Construction Sector RIMAS Working Papers No. 1 of 2011.

used to finance, operate and maintain them. Given the high upfront costs associated with construction procurement and the long-term impacts associated with each decision taken, it makes sense to prioritise sustainable procurement and PPI in this sector.

Table 7: Sustainable procurement approach in construction tender calls

Procurement Stage ¹⁹⁰	Examples of sustainable procurement criteria
Exclusion	<ul style="list-style-type: none"> • Exclusion for violation of laws or failure to pay tax or social security
Selection	<ul style="list-style-type: none"> • Environmental management systems for contractors • Experience with sustainable design and construction, use of lower-impact materials and methods, design for all users and renewable energy systems (if relevant) • Professional qualifications related to the above aspects • Health and safety record
Technical specification	<ul style="list-style-type: none"> • Minimum standards for energy and water efficiency of final construction • Use of lower-impact materials and methods • Handling of hazardous substances, and energy and water use on site • Waste reduction and management • Noise, transport and site management
Award criteria	<ul style="list-style-type: none"> • Energy or water efficiency which is better than the minimum specified • Attainment of a third-party sustainability certification (e.g. BREEAM, Passive House) • Use of environmentally preferable materials (e.g. low-VOC paints and finishes to improve indoor air quality) • Life cycle costing, including monetised emissions where possible
Contract performance	<ul style="list-style-type: none"> • Fulfilment of all sustainability commitments from specification and tender, reporting on actual emissions, energy and water use performance

¹⁹⁰ Note: Construction procurement can be a highly complex process and a variety of different procurement and contractual models may be followed – a key question is the extent to which the design and construction (and potentially also management of the completed facility) are integrated. The appropriate place within the procurement process to address the suggestions included in the table will largely depend on the model followed. For more information please see the SCI-Network Guide - Procuring innovative and sustainable construction





- Training and employment conditions e.g. payment of a living wage, creation of apprenticeships
- Ensuring compliance with health and safety, and labour law on site
- Conformance with International Labour Organisation's fundamental conventions throughout the supply chain for construction materials

Available criteria and guidance¹⁹¹

- **EU GPP criteria** and background reports for construction, and for thermal insulation, hard floor coverings, wall panels, combined heat and power (CHP), indoor and outdoor lighting, toilets and urinals, sanitary tapware and waste water infrastructure. (All EU languages)
- **SCI-Network** guidance, case studies, tools, technology profiles and other resources for the procurement of innovative and sustainable construction. (EN, DE, NL, IT, FI)
- **Sustainable Timber Action (STA)** guide for public authorities wishing to procure sustainable timber products along with case studies, fact sheets, training material, guidance for other stakeholders, and reports. (EN)
- **LANDMARK** legal guidance and good practice examples on verifying socially responsible supply chains. (EN, CA, DE, ES)
- **RESPIRO** guide on socially responsible procurement of building construction works. (EN, FR, DE)
- **Austrian GPP** criteria for buildings and civil engineering works. (DE)
- **IHOBE - Basque Environment Agency** criteria for buildings and construction. (ES,EU)
- **Barcelona City Council** Technical Instructions for the Application of Sustainability Criteria in Public Works Projects. (EN, CA, ES)
- **Belgian Guide to Sustainable Procurement** including criteria for buildings and energy. (FR, NL)
- **Danish criteria** for construction materials including district heating pipes, paint, cables and wiring and sustainable timber. (DK)
- **Dutch criteria** for new build and renovation, demolition, earthworks, preparation of building sites, remediation/soil decontamination, management and maintenance services, etc. (NL, EN)
- **German Environment Ministry** criteria for new build and renovation projects, building materials, insulation, wall and floor coverings, indoor and outdoor lighting and heating installations. (DE)
- **Swedish Environmental Management Council (SEMCo)** criteria for buildings and property including new build, renovation and conversion, road construction, professional kitchens, timber and other building materials. (SE, EN)
- **United Kingdom** Government Buying Standards for new build and major refurbishment projects, heating, cooling and lighting, paints and varnishes, rainwater harvesting, sanitary fittings, windows and wood products. (EN)

¹⁹¹ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

Recycled asphalt for Hamburg's roads, Germany

The City of Hamburg saved 30% on costs in a road resurfacing contract – while also significantly reducing environmental impacts. The City specified the use of an innovative process to use 100% reclaimed asphalt pavement (RAP) for road surfaces, which lead to:

- lower energy input
- reduced need for bitumen
- lower CO₂ and other emissions
- improved health conditions for staff
- less nuisance for residents near inner-city construction sites and
- less wear and tear on mixing plants

The technique was fully tested prior to tendering for quality and durability, and the five companies submitted bids. The positive results achieved by Hamburg have led other German cities to take an interest in the use of 100% RAP.

A full case study available [here](#),¹⁹² one of a collection of [EU GPP Helpdesk Examples](#).¹⁹³

Sustainable congress and concert centre in Tampere, Finland

The **Tampere Hall Congress and Concert Centre**,¹⁹⁴ which is owned by the Procura+ Participant **Tampere**, is the first in the Nordic countries to be awarded with the Nordic Ecolabel. In 2015, Tampere Hall also won the Sustainable Public Purchaser contest. Efforts are made to constantly improve energy efficiency and waste management. Menus are planned according to the carbon footprint of food. Tampere Hall prefers fair trade and organic products, as well as locally sourced food. Environmental ozone water is used in the cleaning. Noxite air-purifying roof membranes are used in the roof coverings. Tampere Hall's premises are cooled with district cooling which uses water from nearby Lake Näsijärvi.

Read the Tampere Procura+ profile [here](#).¹⁹⁵



¹⁹² www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue28_Case_Study60_Hamburg_recycled_asphalt.pdf

¹⁹³ www.ec.europa.eu/environment/gpp/case_group_en.htm

¹⁹⁴ www.tamperehall.com/ecological-footprint

¹⁹⁵ www.procuraplus.org/public-authorities/tampere



2. ICT

Impacts

All public authorities use ICT equipment and most will procure it at some point. Whether this is through a large centralised framework or a smaller value one-off purchase, lease or service contract, it is important to consider the life cycle impact of the computers, screens, imaging devices, servers, telephones and other ICT devices which we use every day. The raw materials and energy which go into producing these items are a growing burden on our earth's resources, while the energy they use during their lifetime and the way they are upgraded, recycled or disposed of add to their environmental footprint. The presence of certain hazardous substances in ICT equipment is of concern to many buyers.

The human impact of ICT equipment arises both during production, use and disposal. In some cases conflict minerals or poor labour standards create supply chain risks which sustainable procurement should address. There is also the question of ergonomics and design for all users – with many organisations realising the benefits in terms of productivity and employee health and wellbeing which well-designed ICT equipment can bring. The default settings or instructions which accompany ICT equipment can also be important – for example if printers have double-sided printing as the default this will save on paper. The ability to upgrade ICT equipment instead of replacing it can save money at the same time that it reduces waste, and the ability to recover and recycle components reduces end-of-life impacts.

Where ICT requirements are outsourced, for example as part of a managed service contract, it is important that minimum sustainable procurement requirements are identified at the outset. The ability to progressively enhance these standards, for example as newer energy-efficient equipment becomes available, should also be included in outsourced ICT contracts. Contractual incentives such as sharing savings from reduced energy demand or better life cycle management of ICT can help secure delivery.

Table 8: Sustainable procurement approach in ICT tender calls

Procurement Stage	Examples of sustainable procurement criteria
Subject matter	<ul style="list-style-type: none"> • Replacement of standard desktop computers with laptops or thin client solutions (to lower energy consumption)
Technical specification	<ul style="list-style-type: none"> • Maximum energy consumption in use and standby modes (e.g. EnergyStar criteria) • Use of cloud computing/thin client solutions • Maximum permissible levels of certain toxic or hazardous substances • Default settings which minimise energy consumption • Default double-sided printing for imaging equipment • Design for upgrade and disassembly (e.g. labelling of all internal components)
Award criteria	<ul style="list-style-type: none"> • Energy performance better than the specified minimum levels • Meeting the product-related criteria of ecolabels such as TCO, Blue Angel or Nordic Swan • Life cycle costs taking account of consumables and monetised emissions
Contract performance	<ul style="list-style-type: none"> • Compliance by main contractor and subcontractors with ILO core labour conventions and international environmental conventions • Training in correct use of equipment and energy management • Replacement or upgrade of components • Collection and recycling of used equipment at its end-of-life



Available criteria and guidance¹⁹⁶

- **EU GPP criteria** and background report for Office IT Equipment and Imaging Equipment. (All EU languages)
- **Sustainable United Nations** background report, guidelines and criteria for computers and monitors and imaging equipment. (EN)
- **Topten** procurement guidelines and sample tender documents for computer monitors, inkjet and laser printers and multifunctional devices. (EN)

- **LANDMARK** legal guidance and good practice examples on verifying socially responsible supply chains. (EN, CA, DE, ES)
- **Austrian GPP criteria** for computers and imaging equipment. (DE)
- **IHOBE - Basque Environment Agency** criteria for ICT equipment. (ES,EU)
- **Barcelona City Council** Technical Instructions for the Application of Sustainability Criteria to Computer Equipment. (EN, CA, ES)
- **Belgian Guide to Sustainable Procurement** including criteria for keyboards, displays, projectors, desktops, laptops, printer cartridges, network services etc. (FR, NL)
- **Dutch criteria** for audiovisual equipment, hardware, networks/infrastructure, telephone services & equipment, printing services, reproduction equipment and printer cartridges. (NL, EN)
- **German Environment Ministry** criteria for desktops, portable computers, thin clients, displays, printers, multifunctional devices, projectors, teleconferencing, whiteboards, data storage, etc. (DE)
- **Swedish Environmental Management Council (SEMCo)** criteria for audiovisual products, computers, displays and telephony products. (SE, EN)
- **United Kingdom** Government Buying Standards for computers, displays, printers, multifunctional devices, scanners and workstations. (EN)

German Federal Procurement Agency (Beschaffungsamt)

As part of the GPP 2020 project, in 2013 the Procurement Agency of the Ministry of the Interior ran a call for tender for energy efficient thin client computer systems. The framework contract covers the purchase of some 50,000 thin clients and is expected to result in energy savings of 5,000 tonnes of oil equivalent and CO₂ savings of over 29,500 tonnes.

The full case study is available [here](#)¹⁹⁷ as part of the GPP2020 **low carbon tender models collection**.¹⁹⁸

Joint procurement of energy efficient ICT in Estonia

A joint framework agreement of PCs and computer monitors involving nine Estonian entities was carried out by the Estonian Centre of Registers and Information Systems (RIK) in March 2012. The tender requirements included numerous sustainability demands, such as Energy Star 5.0 and TCO'5.0, and a portion of the award criteria were given to lower energy consumption in operating mode.

PCs bought under this contract are estimated to generate energy savings of 20-30% compared to non-green product alternatives. RIK found that the market was able to meet the sustainability requirements. The technical market dialogue in the pre-procurement phase proved to be a useful approach.

Download the full case study [here](#),¹⁹⁹ one of a collection of **EU GPP Helpdesk Examples**.²⁰⁰





3. Cleaning

Impacts

Cleaning products and services are consumed by almost all public authorities, whether cleaning is provided in-house or contracted out. The main environmental impacts associated with cleaning are the production and use of chemicals, packaging and consumables (e.g. paper products), and the way in which waste and recycling are handled. Energy and water consumption, and in some cases the use of transport and fossil fuels, can also be important – and addressing these considerations will help to reduce costs. Staff training can improve the efficiency and ecological performance of cleaning services, and should form part of an environmental management system in this area. Use of concentrated products can help to reduce packaging and the associated transport – however staff training on appropriate dilution is essential.

Cleaning services are typically low-paid and can also involve the exposure of workers to high levels of substances which have adverse health impacts. The effect of anti-social working hours on family life and the safety of workers who may be working late and in isolated settings are of concern in some cases. Jobs in cleaning or maintenance are sometimes seen as a way of integrating disadvantaged workers into the economy, and certain contracts or tasks may be identified as suitable for this. An important aspect of cleaning contracts can be managing the expectations of users and ensuring good communication to avoid unnecessary cleaning tasks.

¹⁹⁶ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

¹⁹⁷ www.gpp2020.eu/fileadmin/files/Tender_Models/GPP_2020_BeschA_Tender_Model_Thin_Clients.pdf

¹⁹⁸ www.gpp2020.eu/low-carbon-tenders

¹⁹⁹ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue37_Case_Study79_Estonia.pdf

²⁰⁰ www.ec.europa.eu/environment/gpp/case_group_en.htm



Table 9: Sustainable procurement approach in cleaning tender call

Procurement Stage	Examples of sustainable procurement criteria
Exclusion	<ul style="list-style-type: none"> • Exclusion for violation of laws or failure to pay tax or social security.
Selection	<ul style="list-style-type: none"> • Reservation of contracts for enterprises employing disadvantaged workers. • Operation of an environmental management system for cleaning services, including e.g. chemical storage and dilution. • Previous experience in managing environmental and social aspects of cleaning contracts.
Technical specification	<ul style="list-style-type: none"> • Use of products which are free from harmful solvents or substances. • Requirement to use recycled and/or reusable packaging wherever possible and provide dosing instructions. • Dilution on site to minimise transport and packaging requirements.
Award criteria	<ul style="list-style-type: none"> • Use of cleaning techniques which reduce water and energy consumption. • Reduction in packaging and disposable cleaning aids. • Proposals for managing waste and recycling. • Use of products which meet product-related ecolabel criteria (e.g. EU Ecolabel).
Contract performance	<ul style="list-style-type: none"> • Training in eco-friendly cleaning techniques. • Monitoring of chemical use and dosage. • Meeting targets for reduction of waste or increase in recycling rates. • Payment of living wages and rostering which respects family life. • Handover of data to enable transfer of undertakings (if relevant).



Available criteria and guidance²⁰¹

- **EU GPP criteria** and background report for Cleaning Products and Services. (All EU languages)

²⁰¹ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

²⁰² www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue51_Case_Study107_Porto_waste_management.pdf

²⁰³ www.procuraplus.org/public-authorities/lipor

²⁰⁴ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue39_Case_Study82_Luxembourg_cleaning_products.pdf

²⁰⁵ www.ec.europa.eu/environment/gpp/case_group_en.htm

- **Sustainable United Nations** background report, guidelines and criteria for cleaning products and cleaning services. (EN)
- **Austrian GPP criteria** for cleaning products and services. (DE)
- **Barcelona City Council** Technical Instructions for the Application of Sustainability Criteria to Cleaning and Waste Collection in Buildings. (EN, CA, ES)
- **IHOBE – Basque Environment Agency** criteria for cleaning products and services. (ES,EU)
- **Belgian Guide to Sustainable Procurement** including criteria for cleaning and hygiene products and services, hand dryers, dry cleaning, sanitary paper etc. (FR, NL)
- **Dutch criteria** for cleaning services and public spaces cleaning services. (NL, EN)
- **German Environment Ministry criteria** for cleaning products and services, pest control, hand dryers and sanitary paper. (DE)
- **Swedish Environmental Management Council (SEMCo)** criteria for cleaning services, chemical and technical products, laundry and textile services. (SE, EN)
- **United Kingdom** Government Buying Standards for cleaning services, all-purpose cleaners, window cleaners, sanitary cleaners, laundry and dishwashing detergents. (EN)

Sustainable cleaning services in Porto, Portugal

Procura+ Participant LIPOR's procurement of sustainable cleaning services aimed to optimise costs and increase efficiency of the previous service. Environmental requirements were applied during the selection phase, including declaration of experience, evidence of employee training and certification of environmental standards. Green technical specifications included exclusion of substances listed in REACH Regulation, maximum limits on phosphorus in products and other specifications regarding how products are packaged and used in the execution of the service.

The final result was a two year contract with the lowest priced service provider who met all of LIPOR's environmental and social demands. The experience is one which LIPOR aims to replicate for future contracts.

Download the full case study [here](#)²⁰² and read the LIPOR Procura+ profile [here](#).²⁰³

Green Cleaning in Luxembourg

In 2013, the City of Luxembourg carried out an open tender for the provision of cleaning products & services for three of the City's theatres. Green criteria were taken into consideration at an early stage, with the Environmental Protection Office assisting in the preparation of the technical specifications. The winning company was required to supply samples of any new product prior to using it. In order to ensure that the products continued to meet the established criteria, the City reserved the right to randomly test any of the cleaning products at any stage of the contract, with the company being obliged to provide an alternative product or be subject to a fine.

Download the full case study [here](#),²⁰⁴ one of a collection of **EU GPP Helpdesk Examples**.²⁰⁵





4. Food and catering services

Impacts

After energy and transport, food is the sector with the biggest impact on our climate – responsible for over 10% of greenhouse gas **emissions in Europe**.²⁰⁶ This only accounts for the direct emissions associated with agriculture and food processing, to which those from transport, storage and food waste should be added. Roughly one third of food produced for human consumption is lost or wasted globally, which amounts to about **1.3 billion tonnes per year**.²⁰⁷ Food waste alone is responsible for roughly the same amount of CO₂ equivalent emissions across Europe as those emitted by an entire country such as Romania or the Netherlands **each year**.²⁰⁸ Some food categories – such as meat and certain dairy products – have a particularly high climate impact and reducing consumption in these categories by substituting less carbon-intensive foods may be considered.

Indirect impacts from food production include deforestation, pollution of soil and water, land use change and impacts on wildlife – whether our food is produced in Europe or abroad. At the consumer level, in addition to the problem of food waste there is the packaging and energy needed to keep food fresh and safe. Overall, from farm to fork (and, sadly, to bin) food is costly for the earth. However responsible agricultural practices can also have a positive impact on the environment. The use of organic or other sustainable farming and fishing practices can contribute to biodiversity and the long-term availability of natural resources to support food production.

On the social side, many public sector organisations are committed to paying a fair price for their food and ensuring that labour standards are acceptable. This includes both the purchase of fair trade products and improving working conditions for those who work in cultivation, food processing or catering. Some sustainable procurement policies may also seek to address the health and quality aspects of food, for example by ensuring nutritional standards are met and respecting dietary restrictions, whether for health,

religious or ethical reasons. Food safety, quality and traceability may also be seen as part of sustainable procurement in this area.

Table 10: Sustainable procurement approach in food and catering tender calls

Procurement Stage	Examples of sustainable procurement criteria
Exclusion	<ul style="list-style-type: none"> • Exclusion for violation of laws or failure to pay tax or social security.
Selection	<ul style="list-style-type: none"> • Operation of an environmental management system for catering services, including e.g. energy and waste management. • Previous experience in managing environmental and social aspects of food production or service contracts. • Reservation of contracts for enterprises employing disadvantaged workers or sheltered companies. • Food safety record and procedures (e.g. HACCP).
Technical specification	<ul style="list-style-type: none"> • Provision of food and beverages from organic agriculture. • Use of packaging from recycled or renewable sources which can be reused or recycled after use. • Use of cleaning products and equipment (e.g. dishwashers) which meet specified environmental standards. • Availability of tap water, half portions and vegetarian options.
Award criteria	<ul style="list-style-type: none"> • Provision of menus which are healthy, varied and use sustainable food e.g. seasonal fruit and vegetables. • Higher percentage of food from organic agriculture than specification. • Use of tea, coffee, sugar or other products which meet fair trade criteria. • Approach to reducing food and packaging waste.
Contract performance	<ul style="list-style-type: none"> • Training of staff to support sustainable practices. • Meeting targets for reduction in waste or increase in recycling rates. • Payment of living wages and rostering which respects family life. • Handover of data to enable transfer of undertakings (if relevant).



²⁰⁶ European Environment Agency (2014) Greenhouse gas emissions share by sector in EU28, 2012

²⁰⁷ Joint study by the Swedish Institute for Food & Biotechnology and FAO, 2011

²⁰⁸ European Commission (2010) Preparatory study on food waste across the EU27, at page 16.



Available criteria and guidance²⁰⁹

- **EU GPP criteria** and background report for Food and Catering Services. (All EU languages)
- **Sustainable United Nations** background report, guidelines and criteria for cafeterias, food and kitchen equipment. (EN)
- **INNOCAT** Publication Sustainable Public Procurement of School Catering Services - A good practice report. (EN)
- **Fair Trade Advocacy Office** including news, latest updates and guidelines.
- **Austrian GPP criteria** for food (direct purchase and service contracts). (DE)
- **IHOBE - Basque Environment Agency** criteria for catering services and vending machines. (ES,EU)
- **Barcelona City Council** Technical Instructions for the Application of Sustainability Criteria to Food Services. (EN, CA, ES)
- **Belgian Guide to Sustainable Procurement** including criteria for food and catering services, catering equipment and disposables, water coolers and beverage vending machines. (FR, NL)
- **Dutch criteria** for catering, catering equipment and beverage vending machines. (NL, EN)
- **Swedish Environmental Management Council (SEMCo)** criteria for food and catering services. (SE, EN)
- **United Kingdom** Government Buying Standards for food and catering services. (EN)

Organic Food in French School Meals

The City of Lens specified that 20% of the food supplied to its ten schools had to be organic, and that one fully organic meal was to be served each week. Variant offers of higher than 20% content were also invited. Tenders were evaluated on:

- variation of menus and variety of dishes depending on the age of the diners and their expectations;
- nutritional balance of menus;
- quality of action plan for dealing with issues of food security and crisis management;
- production method of all food items included in meals; and
- quality of policy on the traceability of all food products and verification of accuracy.

The outcome was less than 8% cost increase over non-organic food and also provided very good quality meals.

Sustainable school catering in Rome

The Municipality of Rome has been gradually improving the sustainability and innovation aspects of its school catering services since 2001. One call for tender achieved impressive results with 69% of all food served in schools being organic. Providing nutritional meals that are low in meat content and are served on earthenware and other reusable materials (instead of plastic) has significantly contributed to lowering the environmental impact of the school meal service – which delivers 144,000 meals daily through 550 school centres.

Cutting out plastic alone has achieved savings of approximately 1,800 tonnes of waste over an annual school year. In addition, municipal dietitians carry out quality checks of the food on a daily basis to ensure that the terms of the contract are continuously respected. Download the full case study [here](#).²¹²

²⁰⁹ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

²¹⁰ www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue41_Case_Study87_Lens_catering.pdf

²¹¹ www.ec.europa.eu/environment/gpp/case_group_en.htm

²¹² www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue14_Case_Study34_Rome_food.pdf

Full case study available [here](#),²¹⁰ one of a collection of **EU GPP Helpdesk Examples**.²¹¹





5. Vehicles

Impacts

Vehicles are purchased or used by many public authorities, and will play a role in the delivery of other contracts such as for construction, landscaping, waste management, social care, facilities management and highways maintenance. Specialised vehicles such as buses and waste collection trucks are examples of market sectors where public demand may be particularly influential in moving towards lower emissions and greater fuel efficiency. Under the Clean Vehicles Directive contracting authorities are obliged to take energy efficiency and tailpipe emissions of CO₂, NO_x, PM and NMHC into account as a minimum. A comprehensive sustainable procurement approach will also take account of other factors, including full 'well-to-wheel' analysis of fuel-related emissions including production, distribution and consumption, as well as the raw materials used to construct vehicles, their life-time mileage, maintenance needs and end-of-life disposal characteristics.

The gains associated with sustainable procurement in this sector are financial as well as environmental. Savings on fuel and, in many cases, vehicle tax, can be substantial when cleaner and more efficient vehicles are chosen. Further savings can be realised by rationalising fleet requirements and making the most of eco-driving and innovative technologies such as telematics and satellite navigation to reduce wear and tear and unnecessary mileage. On the innovative end of the market, electric, hybrid, biogas, hydrogen and other alternative fuel technologies are making inroads within public fleets. The human and economic benefits in terms of better air quality and, where existing patterns of vehicle use are challenged, reduced traffic congestion, are considerable. In addition to the public authority's own fleet, procurers can exercise further influence on sustainable urban transportation patterns by also setting demands relating to the use of low emission vehicles in the delivery of goods and services procured by the authority. An increasing number of public authorities have, for example, established urban freight consolidation centres to reduce traffic related to goods deliveries. To optimise impact,

vehicle procurement should be undertaken as part of a broader integrated mobility strategy where possible.

Table 11: Sustainable procurement approach in vehicle tender calls

Procurement Stage	Examples of sustainable procurement criteria
Exclusion	<ul style="list-style-type: none"> • Exclusion for violation of laws or failure to pay tax or social security.
Technical specification	<ul style="list-style-type: none"> • Maximum levels of CO₂ and other emissions (e.g. Euro 6/VI standards) and noise. • Minimum levels of fuel/energy efficiency. • Gear shift indicators, fuel consumption and tyre pressure monitors. • Design requirements for end-of-life disassembly and recycling. • Possibility to propose electric, hybrid or alternative fuelled vehicles.
Award criteria	<ul style="list-style-type: none"> • Use of lower-impact materials for vehicle construction. • Life cycle costing including monetised emissions and fuel costs. • Maintenance programmes which reduce environmental impact. • Bi-fuel or flexi-fuel capacity.
Contract performance	<ul style="list-style-type: none"> • On-road tests to confirm real emissions and fuel performance. • Extension of warranty to reflect successful eco-driving programmes.



Available criteria and guidance²¹³

- **EU GPP criteria** and background report for cars and light-duty passenger vehicles, buses and waste collection trucks. (All EU languages)
- **Clean Fleets** reports, case studies and procurement advice on clean and energy-efficient vehicles. (EN)
- **Sustainable United Nations** background report and criteria for vehicles. (EN)
- **Topten** procurement guidelines and sample tender documents for highly efficient cars and vans. (EN)
- **Austrian GPP criteria** for vehicles. (DE)
- **IHOBE – Basque Environment Agency** criteria for vehicles. (ES,EU)
- **City of Barcelona** Technical Instructions for the application of sustainability criteria to vehicles. (EN, CA, ES)

²¹³ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

- **Belgian Guide to Sustainable Procurement** including criteria for vehicles. (FR, NL)
- **Dutch criteria** for service cars, school transport, special purpose passenger transport, vehicle maintenance services, moving services and heavy-duty motor vehicles. (NL, EN)
- **German Environment Ministry criteria** for passenger and specialised vehicles, including busses. (DE)
- **Swedish Environmental Management Council (SEMCo)** criteria for vehicles. (SE, EN)
- **United Kingdom Government Buying Standards** for cars, vans, buses and bus services, waste collection trucks and services. (EN)

Enhanced Environmentally Friendly Buses in Baia Mare, Romania

The City of Baia Mare in Romania awarded a five year contract to lease 30 new, enhanced, environmentally friendly (EEV) solo standard buses and eight trolleybuses. Following market consultation, it was recognised as being realistic to require new buses to be equipped with EEV engines, the least polluting engine available on the Romanian market in 2012.

A combination of technical specifications and award criteria were used to take fuel efficiency and emissions into account:

1. **Technical specifications** – Minimum standard: EEV for diesel buses.
2. **Award criteria** – points awarded for lower fuel consumption, based on the SORT test cycle.
3. **Costs** – life cycle costing model used, including acquisition price, fuel consumption and maintenance.

Accessibility for disabled users was also guaranteed through low floors, a platform and a suspension system permitting the vehicles to bend at kerbs.

Full case study available [here](#),²¹⁴ along with other **Clean Fleets project Examples**.²¹⁵

Joint procurement of EVs & PHEVs in Sweden

Stockholm City Council approved an Electric Vehicles Strategy, aiming to become one of the world's leading clean vehicle cities by 2030. A joint procurement for the purchase of electric (EV) and plug-in hybrid electric (PHEV) light duty vehicles was initiated by the city of Stockholm and the state-owned utility company Vattenfall to demonstrate Sweden's purchasing potential to manufacturers and give market a necessary boost. A buyers group of almost 300 public and private organisations was established.

The joint procurement exercise provided the added benefit of reducing overall administrative costs for participating organisations and ensuring that smaller municipalities with less resources would have access to such vehicles, as bidders may not otherwise be interested in such small calls for tender. By May 2013, 300 vehicles had been bought from under this framework contract.

Read the full case study [here](#),²¹⁶ amongst the other **Clean Fleets project Examples**.²¹⁷

²¹⁴ www.clean-fleets.eu/fileadmin/files/documents/EEV_buses_in_Romania_FINAL.pdf

²¹⁵ www.clean-fleets.eu/case-studies

²¹⁶ www.clean-fleets.eu/fileadmin/files/CF_case_study_sweden_04.pdf

²¹⁷ www.clean-fleets.eu/case-studies



6. Electricity

Impacts

The generation of electricity is responsible for more greenhouse gas emissions than any other single activity. Public authorities are significant energy purchasers through the operation of hospitals, schools, offices, street lighting etc. Due to this market share, a shift in public demand towards electricity from renewable or lower-emission sources can send a signal to the market that investing in these technologies is a good long-term prospect. This shift also helps to promote energy security and reduce dependence on volatile and high prices of energy generated from fossil fuels.

Whilst demanding electricity to be generated from renewable sources (and requiring Guarantee of Origin (GO) certificates to prove it) is a positive market signal, there is currently substantially more demand for renewable electricity than supply. Many of the GO certificates available come from existing generating capacity – often decades-old large hydropower schemes. Promoting “**additionality**” (i.e. the construction of new renewable electricity generating capacity) is advisable where possible. Approaches being explored include limiting the age of the power plants supplying electricity, requiring the company to invest a certain proportion of its profits in new generating capacity, or demonstrating that the contract leads to a certain provable reduction in CO₂ emissions over its duration. However the extent to which these models are applicable under the 2014 Directives is still being explored.

Investment in energy efficiency measures and, where possible, in efficient local energy generation is equally important to reduce impacts. Many public sector organisations also benefit from reduced energy bills due to the development of renewable or high-efficiency generation on site, for example from biomass boilers, combined heat and power units, solar panels or other installations. In other cases an external energy services company (ESCO) may be engaged in the form of an energy performance contract for a building or



group of buildings. Under this model, the ESCO pays for and manages upgrades and is reimbursed through the savings realised on energy costs over a number of years.

Table 12: Sustainable procurement approach in electricity tender calls

Procurement Stage	Examples of sustainable procurement criteria
Exclusion	<ul style="list-style-type: none"> • Exclusion for violation of laws or failure to pay tax or social security.
Selection	<ul style="list-style-type: none"> • Previous experience and technical capacity to deliver electricity from renewable sources (where appropriate and to the levels required).
Technical specification	<ul style="list-style-type: none"> • Provision of a minimum percentage of electricity from renewable sources. • Minimum efficiency levels for energy installations such as combined heat and power or cogeneration. • Ability to feed locally generated electricity (e.g. from solar panels) into grid (where appropriate). • Provision of additional energy audit/advice services.
Award criteria	<ul style="list-style-type: none"> • Provision of a higher percentage of electricity from renewable sources. • Efficiency levels for energy installations which exceed the minimum specified. • Discount or credits for energy fed into grid from local installations. Consider the promotion of new generating capacity.²¹⁸
Contract performance	<ul style="list-style-type: none"> • Verification of proportion of electricity from renewable or low-emission sources using Guarantee of Origin certificates. • Reporting on energy consumption and advice on energy efficiency measures.



²¹⁸ See section on “additionality” above

Available criteria and guidance²¹⁹

- **EU GPP** background report and criteria for electricity and combined heat and power. (All EU languages)
- **Austrian GPP criteria** for electricity. (DE)
- **Barcelona City Council** Technical Instructions for the Application of Sustainability Criteria to Electricity Supplies. (EN, CA, ES)
- **Belgian Guide to Sustainable Procurement** including criteria for electricity, heat pumps, wood pellets, solar panels etc. (FR, NL)
- **Dutch criteria** for electricity. (NL, EN)
- **German Environment Ministry criteria** for electricity. (DE)
- **Swedish Environmental Management Council (SEMCo)** criteria for electricity and lighting. (SE, EN)

A Framework for Energy Efficiency in Italy

Consp acts as a central purchasing body for the Italian public sector. Consp's first National Framework Contract for Public Lighting services is used by around 150 Italian public authorities and has led to €30 million in reduced costs thanks to energy savings of 20% – 10,600,000 kWh/year, equating to over 5,000 tonnes of CO₂. It covers both energy supply and integrated services for road lighting, using the Energy Performance Contract (EPC) model.

Consp's approach to energy efficiency was discussed in more detail as part of a **GPP2020 project**²²⁰ webinar – the presentation can be found [here](#).²²¹

Buying 100% renewable electricity in Turku, Finland

Procura+ Participant Turku, Finland wished to specify electricity of 100% renewable origin for their most recent call for tender. External consultants were used to carry out a market consultation. Expert advice on methods to verify energy company claims about green electricity was also sought as it was the first time the City had set these requirements. The supply contract successfully began in 2013 and guarantee of origin certificates are used to monitor compliance.

Download the full case study [here](#),²²² one of a collection of **EU GPP Helpdesk Examples**.²²³

Need more advice on any of these sectors?

Procura+ participants can benefit from receiving direct advice from ICLEI, and exchanging with others in the Network.

www.procuraplus.org

²¹⁹ Read the online version of this manual for the hyperlinks to these resources, available at: www.procuraplus.org

²²⁰ www.gpp2020.eu

²²¹ www.gpp2020.eu/fileadmin/files/Webinars/Consp_s_Approach_to_Energy_Efficiency_FINAL.pdf

²²² www.ec.europa.eu/environment/gpp/pdf/news_alert/Issue34_Case_Study72_Turku_renewable_energy.pdf

²²³ www.ec.europa.eu/environment/gpp/case_group_en.htm

PROCURA+ EUROPEAN SUSTAINABLE PROCUREMENT NETWORK

What is the Procura+ European Sustainable Procurement Network?



We are a network of more than 40 European public authorities that connect, exchange and act on sustainable and innovation procurement. Our combined knowledge and experience allows us to provide advice, support and publicity to any public authority that wants to implement sustainable and innovation procurement. The Procura+ Network joins forces to champion sustainable and innovation procurement at the European level. Joining the Procura+ Network is a great way to learn from the experiences of others, replicating successful strategies and avoiding common pitfalls. Membership of the Network gives each participant a stronger individual voice while promoting sustainable procurement on the European stage.

Pekka Sauri, Deputy Mayor of Helsinki, Chair of Procura+ Network

The Procura+ Network is managed by ICLEI's Sustainable Economy and Procurement Team and consists of a network of national partners and participant cities, as well as towns, regions and networks with an interest in sustainable procurement. These organisations collaborate during meetings, seminars, webinars, via e-mail and via a dedicated discussion forum. In addition, many participate in related sustainable procurement projects and initiatives.

Why join the Procura+ Network?

Work together

Collectively develop policy and criteria on specific areas related to sustainable procurement in thematic Interest Groups.

Get together

Share experiences at the annual Procura+ Seminar and through regular webinars.

Build relationships

Create strong links with other procurement professionals through the Procura+ Twinning programme.

Receive expert advice

Access the Procura+ Helpdesk for individual advice and support with policies, strategies, ongoing and upcoming tenders.

Win awards

The Procura+ Awards showcase the sustainable and innovation procurement achievements of participants on the international stage.

Share achievements

Share plans and publicise successes with an individual participant webpage and regular newsletters.

Keep up-to-date

Get the latest criteria and policy developments, as well as opportunities to engage in dialogue, at European policy level.

Furthermore, Procura+ Participants receive the following benefits:

Discounts for international events and Procurement Services

Attend free of charge (or at a reduced rate) seminars, workshops and conferences where new trends and experiences on sustainable procurement are presented. Participants can attend study tours and may be offered travel grants to attend events. Furthermore, receive a 25% discount on **ICLEI's Procurement Services**.²²⁴

Priority for project participation and speaking at events

Receive priority in joining project consortia and proposals developed by ICLEI's Sustainable Economy and Procurement team and speaking at ICLEI events such as the **EcoProcura conference series**.²²⁵

Representation and advocacy

Gain internal and external support for sustainable procurement. The network is also aimed at raising political awareness at all levels, and the results generated by Procura+ are used to lobby for further support for the concept of sustainable and innovation procurement at the national and international level.

ICLEI has been involved in the topic of sustainable procurement since 1996 and has a strong voice on the European and international stage. ICLEI has been supporting the work of the European Commission regarding sustainable and innovation procurement. ICLEI is a member of the European Commission's Green Public Procurement **Advisory Group**,²²⁶ is co-founder and Vice-Chair of the **International Green Purchasing Network (IGPN)**²²⁷ and co-leading a global collaborative framework that aims at fostering worldwide adoption of sustainable procurement – **the 10 Year Framework Programme on SPP**.²²⁸

From the early Procura+ pioneers – **Kolding**, Denmark;²²⁹ **Zurich**, Switzerland;²³⁰ and **Barcelona City Council**, Spain;²³¹ to those that have more recently achieved international recognition such as **Helsinki**, Finland²³² and **Ghent**, Belgium²³³ – public procurement which incorporates sustainability and innovation can achieve real value for the public purse.



²²⁴ www.sustainable-procurement.org/support

²²⁵ www.ecoprocura.eu

²²⁶ www.ec.europa.eu/environment/gpp/expert_meeting_en.htm

²²⁷ www.igpn.org

²²⁸ www.bit.ly/10YFPonSPP

²²⁹ www.kolding.dk

²³⁰ www.stadt-zuerich.ch/gud/de/index/umwelt/umweltpolitik/oekologische_beschaffung.html

²³¹ www.ajsosteniblebcn.cat/ca

²³² www.hel.fi

²³³ www.gent.be

More specifically, participants have found that participating in the Procura+ Network can support them in:

- addressing greenhouse gas emissions, the use of hazardous substances, raw material usage, and management of natural resources;
- encouraging a diverse base of suppliers, promoting fair employment practices and ethical sourcing, and fostering training opportunities and community benefits; and
- creating new jobs, new markets and opportunities for small and medium sized enterprises.

What do procurers say?

“It is not just the expert help that is useful, it is the chance to engage with other procurers that makes the network strong.” *Perttu Pohjonen, Helsinki*

“It is good to bring together ideas with other countries and municipalities. For example, our procurement of electric vehicles was made possible through advice from other Procura+ participants.” *Tania Secchi, Comune di Cremona*

“Procura+ provides us with valuable links at European level for assistance on sustainable procurement criteria and policy.” *Laurence Cesbron, RGO*

“The annual meetings are very valuable. Face to face contact with fellow procurement practitioners is great for exchanging knowledge and experience.” *Beat von Felten, Stadt Zürich*

How to join Procura+

Any public or semi-public authority or agency, of any size and any level of experience, can join the Procura+ Network. Regional networks of public organisations working on sustainable procurement can also join collectively.

The application form is available for download at: www.procuraplus.org

Further information

For more information visit the website at www.procuraplus.org, or contact the Sustainable Economy and Procurement team by e-mail at: procurement@iclei.org.

"The practical steps included in the manual, with the focus on the 2014 Procurement Directives, are a great reference point for making sure I am approaching SPP the right way in my day-to-day work."

– David Morgan (Cornwall County Council)

"I would recommend this manual as starting point for any organisation, both public and private, that wants to be more sustainable and innovative in their procurement approaches."

– Katja Kardikova (City of Oslo)

"Even though our administration has been doing sustainable procurement for many years, I found information and ideas in the manual that help us to improve and evolve."

– Patrizia Giancotti (Metropolitan City of Rome)

The Procura+ Manual provides clear, easy-to-understand guidance for any European public authority on how to implement sustainable procurement. It includes:

- practical advice on how to integrate sustainability into procurement;
- a model for systematically implementing sustainable procurement – the Procura+ Management Cycle;
- an exploration of the possibilities for sustainable and innovation procurement set out within the 2014 Directives, including how they can be applied in practice;
- key guidance on sustainable procurement approaches for six high-priority product groups – construction, IT equipment, cleaning products, food, vehicles and electricity; and
- links and references throughout the text to good practice examples from around Europe, more detailed information on the product groups covered and a variety of further implementation tools.

**www.procuraplus.org
procurement@iclei.org**

