



Low-emission transport



Energy-efficient construction



Health-oriented cleaning

The Procura⁺

2nd edition

Manual

A Guide to Cost-Effective Sustainable Public Procurement



Organic / Fair Trade food



Energy-efficient IT products



Green electricity

Procura⁺

Sustainable
Procurement
Campaign



ICLEI
Local
Governments
for Sustainability

The Procura⁺
2nd edition

Manual

A Guide to Cost-Effective Sustainable Public Procurement

The Procura+ Manual

A Guide to Cost-Effective Sustainable Public Procurement, 2nd Edition

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Preface

Sustainable procurement is smart procurement – it means improving the efficiency of public procurement and at the same time using public market power to bring about major environmental and social benefits locally and globally.

Communities all over the world are facing the dramatic consequences of climate change, excessive use of natural resources, threats to biodiversity and increasing poverty. These problems cannot be tackled without making the shift to more sustainable production and consumption practices. If the billions of public Euro, Dollars, Yen or other were spent on products and services that foster sustainable development, a huge step forward could be made.

Typically responsible for 10-20% of spending, the public sector has significant purchasing power to drive the market towards the supply of sustainable products and services. However, this can only be achieved if the thousands of public sector actors work together to send a clear, unified signal to the market

Reducing environmental impacts: Every product or service bought has environmental impacts throughout its life-cycle – from the extraction of raw materials, the manufacturing of the product, through to its use and disposal. Taking smart procurement decisions can help to drastically reduce these, with benefits felt locally and globally. A great many more environmentally sound solutions are now available on the market at competitive prices - examples include more energy efficient school buildings, green electricity, catering services offering organic food and less polluting public transport.



Encouraging social improvement: Our purchasing actions also have social implications, and public procurement can be used to drive social improvements - whether this is guaranteeing good working conditions for publicly contracted construction workers, ensuring disabled access in public buildings, providing new employment opportunities for marginalised groups, working against child labour or supporting Fair Trade.

Achieving financial efficiency: Smart procurement of course also means efficient procurement. Too often only the initial purchase price is considered when buying products and services, ignoring usage costs such as electricity and water consumption, maintenance expenditures and disposal costs at the end of its life. Many products are also bought unnecessarily. Substantial savings are therefore possible.

Sustainable procurement can make a real difference – environmentally, socially and financially. At present, however, public authorities generally feel constrained in the application of environmental and social considerations to procurement due to a lack of support and secondly due to the lack of tried and tested tools.

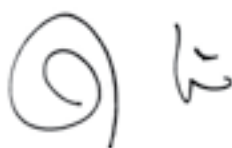
This Manual has been developed by and for European public authorities providing clear and simple advice on how to implement sustainable procurement in a public authority – no matter what size or level of experience.

It presents the implementation model and purchasing criteria developed for Procura+, ICLEI's Sustainable procurement Campaign.

Join the movement!



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1 Sustainable procurement, smart procurement

Sustainable procurement means making sure that the products and services your organisation buys are as sustainable as possible – with the lowest environmental and most positive social impact.

At its most basic this can mean simply making sure you always buy recycled paper or Fair Trade coffee. At its most comprehensive it means systematically integrating environmental and social considerations into all procurement activities, whether purchasing goods, services or works - from defining the true needs, to setting appropriate technical specifications and evaluation procedures, to monitoring performance and results.

It can mean considering a whole range of characteristics of the products and services you buy, for example:

- The use of non-toxic substances and renewable materials
- Energy and water consumption during use
- Disposal, reuse and recycling options at the end of life
- Working conditions in service delivery

It can be as simple as excluding certain chemicals in the tender technical specifications for cleaning products, or as comprehensive as reassessing the entire cleaning plan for your office.

Only by considering the full range of life-cycle costs and benefits of your procurement actions can you ensure the efficiency of your operations. Procurement and sustainable procurement should be one and the same.

2 Sustainable procurement: the benefits

A number of key benefits of sustainable procurement are emphasised by Procura+ participants:

- **Financial savings** – energy, water and resource efficient products, services and buildings can significantly reduce utility bills and operating costs. The procurement of environmentally preferable products can lower waste management fees, and reduce spending on pollution prevention. The City of Tübingen in Germany saved € 30,000 per year by centralising cleaning product and service procurement and by using innovative products. There is more on the cost of sustainable procurement in Chapter IV of this Manual.
- **Achieve local environmental and health goals** – sustainable procurement can be a very cost-effective approach to tackling local environmental problems and to achieving the environmental objectives of your organisation. For example, using non-toxic cleaning products, and supplying fresh, organic food provides healthier conditions for schoolchildren and office workers. Using low-emission buses and fleet cars can improve local air quality. Contracting green electricity can help you achieve your climate protection targets.
- **Achieve local social goals** – key social issues such as employment generation, working conditions, and the marginalisation of certain groups, can also be addressed through procurement, particularly through the procurement of services. Setting strict conditions for companies carrying out services on your behalf, such as the favouring of minority groups or ensuring high working standards, can make a difference.
- **Drive local innovation** – working with your regular local suppliers to encourage environmentally innovative approaches, and providing potential markets for such products, can help to give these suppliers a competitive advantage nationally and internationally.
- **Improve public image and increase legitimacy** – implementing a policy of sustainable procurement is a very effective way to demonstrate your authority's commitment to sustainability as a whole.
- **Contribution to global sustainability** – the impacts of sustainable procurement can be felt globally, from helping to reduce greenhouse gas emissions and deforestation, to improving the livelihoods of small developing world producers through supporting Fair Trade.

3 The potential of public procurement

Public and semi-public sector organisations, from local to national government offices, from universities and schools, to hospitals and utilities, control huge budgets and purchase vast amounts of products and services each year. The European Commission estimates that € 1.5 trillion is spent each year by public authorities in the European Union (EU), which represents approximately 16% of EU Gross Domestic Product^[1] – in some countries the figure is even higher. This includes, for example, 2.8 million computers and monitors purchased each year by EU public authorities.

Table 1:
Public procurement
as a percentage of GDP
– Selected countries
(2002)

Country	%
Germany	17
Italy	12
Netherlands	21
Spain	13
Sweden	20
UK	18
EU 15	16

With such significant market power, public authorities are not only able to achieve substantial direct environmental, financial and social improvements, but are also able to exercise considerable influence in shifting the whole market towards the supply of more sustainable products and services.

Direct impact:

- The public sector in the EU is estimated to buy approximately 150,000 GWh of electricity per year, representing about 6-7 % of the market. Shifting to green electricity could save up to 60 million tonnes of CO₂ emissions – 18% of the EU Kyoto commitments, and equivalent to the emissions of a city the size of London.^[2]
- The Autonomous University of Barcelona uses 6,500 Kg of Fair Trade coffee each year in vending machines. This provides a good living for 15 to 20 families from Tanzania.^[3]

Whole market impact:

- Following a Federal ruling in the US that public authorities must only buy Energy Star^[4] compliant computers, the demand for such models was so large that within a few years almost all products available on the market met these standards. Manufacturers realised it didn't make sense to run parallel production lines, and so phased out less efficient models.

Furthermore, public procurement can be a key driver of innovation on the marketplace, providing a vital launching market for new products.

^[1] A report on the functioning of public procurement markets in the EU: benefits from the application of EU directives and challenges for the future. (2004)

http://ec.europa.eu/internal_market/publicprocurement/studies_en.htm

^[2] Figures taken from the European RELIEF project, co-ordinated by ICLEI, which calculated the potential environmental benefits through sustainable procurement: www.iclei-europe.org/relief

^[3] Taken from the Buy Fair Guide, included in the CD-ROM: www.iclei-europe.org/buyfair

^[4] An international product label certifying the product has high energy efficiency standards – www.energystar.gov

Driving innovation:

- Following a political decision to pursue energy efficiency and resource saving measures, the city and state of Hamburg procured new energy-efficient lighting systems for all of its 1,500 public buildings. It was made compulsory for all investments in energy equipment to be cost-effective in the long-term – i.e. considering full life-cycle costs.

The sheer volume of demand ensured that procurers strict requirements on energy efficiency were met by the market through innovative approaches. As a result, the market for new energy efficient lighting systems and related services in Hamburg has been substantially expanded, and the results have spilled over into the private sector, with many local companies now making similar investments^[5].

Recognising this power, in 2002, the World Summit on Sustainable Development in Johannesburg committed public authorities to “promote public procurement policies that encourage development and diffusion of environmentally sound goods and services”^[6].

4 Why undertake sustainable procurement now?^[7]

It is becoming both increasingly important and increasingly easy to start purchasing sustainably for several reasons:

- **Increasing availability of labelled environmentally and socially sound products and services.** As the market for such products and services rapidly grows, so the quantity and quality of offers grows. In addition the wide coverage of environmental and social product labels at the national and international level (e.g. Nordic Swan, Blue Angel, EU Flower, FSC, FLO) has made it easier to start sustainable procurement initiatives. Such labels help procurers to set environmental and social demands and verify that these standards are met.
- **Opportunities for collaboration.** Many public authorities are now working to implement sustainable procurement. Interested authorities have much to gain by sharing experiences and information through international networks such as ICLEI.
- **Increasing public awareness.** Pressure to implement sustainable procurement from the general public through NGOs and advocacy groups is growing as more information becomes available and awareness of environmental and social issues increases.
- **Preparing for future regulations.** As environmental regulations become increasingly strict, a proactive approach, keeping ahead of legislation, is likely to be more efficient than having to quickly respond once it is in place.

^[5] ftp://ftp.cordis.europa.eu/pub/innovation-policy/studies/full_study.pdf

^[6] *Plan of Implementation of the World Summit on Sustainable Development*, paragraph 19

^[7] Adapted from *Green procurement: Good environmental stories for North Americans* (2003), Prepared for the Commission for Environmental Co-operation of North America

5 Challenges and solutions^[8]

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

- **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 in tendering.

Solution: This Manual presents simple criteria that can be used. Many public procurers also use ecolabels for definitions. A number of other sources for purchasing criteria exist nationally and internationally. Chapter III provides further advice on developing environmental specifications. Chapter VI presents a set of ready to use purchasing criteria for six high-priority product groups.

- **Changing the “purchase price only” mindset.** A key challenge identified by many public sector organisations is changing behaviour within purchasing departments – in particular using purchase price alone to decide between offers, rather than the full life-cycle cost of the product or service.

Solution: Providing simple information on the financial benefits of using the life-cycle costing (or whole life cost) approach, can help to overcome resistance, though the separation of internal budgets may still cause problems. More information on this is provided in Chapter IV of this Manual.

- **Integration into management systems.** Decentralised organisations require effective management systems to ensure the consistent application of environmental and social initiatives.

Solution: Integrating sustainable procurement activities within a quality or environmental management system can help ensure objectives, targets and measurement procedures are established throughout an organisation. This Manual presents the simple Procura⁺ Milestones process in Chapter V designed to help manage implementation effectively.



^[8] Adapted from *Green procurement: Good environmental stories for North Americans* (2003), Prepared for the Commission for Environmental Co-operation of North America

6 The Procura+ Manual

This Manual is designed to provide clear, easy-to-understand guidance on how to implement sustainable procurement in practice. It has been prepared by people with years of direct experience in working in public sector procurement, and in how to integrate sustainability considerations.

It is based upon the first Procura+ Manual, written and printed in 2004, and has been revised within the DEEP project^[9]. The Manual is designed to provide practical implementation advice, presenting guidance on how sustainability concerns can be integrated into the procurement process, providing both a model for developing and managing the process, and actual purchasing criteria for six high-priority product groups (construction, IT equipment, cleaning products, food, buses and electricity) which are legally compliant and can be inserted directly into tendering documents.

These product groups were selected following a detailed discussion process within the RELIEF project^[10] for a number of reasons:

- The most significant environmental impacts through the product life-cycle
- The availability of cost-effective environmentally preferable solutions
- The importance of the product within the typical public authority budget

The Manual also serves as the implementation guide for authorities participating in the Procura+ Campaign. Any European public authority can join Procura+, both to demonstrate your commitment to sustainable procurement and to make use of the substantial practical resources the Campaign provides. For more information on the Procura+ Campaign please see Chapter II.

6.1 Contents of the Manual

The Manual contains the following information:

- **How to integrate sustainability into procurement** – clear guidance on how to integrate sustainability criteria into tendering – from the subject matter, to technical specifications, selection and award criteria, and contract clauses – see Chapter III.
- **Information on the cost of sustainable procurement** – an introduction to the concept of Life-Cycle Costing, and advice on how to keep costs down – see Chapter IV.
- **How to manage sustainable procurement: The Milestone process** – a simple implementation model, based on a typical management cycle for ensuring the systematic inclusion of sustainability concerns in procurement – see Chapter V.
- **Key purchasing criteria** – a small set of clear purchasing criteria, focusing on the most important environmental and social impacts, which any public authority can use directly in the procurement of six key product groups - construction, IT equipment, cleaning products, food, buses and electricity – see Chapter VI.
- **Guide to monitoring performance** – a straightforward approach to monitoring your sustainable procurement actions, based around the Procurement Scorecard concept – see Chapter V, Section 2.1.3.

^[9] DEEP (Dissemination of Energy Efficiency Measures in the Public Buildings Sector), funded by the European Commission, Intelligent Energy for Europe programme: www.iclei-europe.org/deep

^[10] www.iclei-europe.org/relief

6.2 The CD-ROM

The Manual also comes with a CD-ROM (attached to the back cover^[11]) which contains a great deal of further useful information:

1. The printed Manual in pdf

- Allowing you to share the Manual with as many colleagues as you wish, and have immediate electronic access to the guidance provided

2. Case studies

- Best practice examples – a series of successful examples of sustainable procurement from around Europe to act as inspiration.

3. Detailed product information

- Detailed information on six key product groups – more detailed information on implementing sustainable procurement for the six key product groups covered in the printed Manual

4. A series of implementation tools

- Developing a sustainable procurement policy – a tool providing guidance on how to prepare a sustainable procurement policy to support your day-to-day activities. Developed within the LEAP project.^[12]
- Identifying internal barriers to sustainable procurement – a tool to help you systematically identify and address internal barriers to the implementation of sustainable procurement. Developed within the LEAP project.
- Energy efficient procurement – a series of tools to improve the energy efficiency of your procurement actions, including preparing an energy efficiency policy, a tool for life-cycle costing, and a self-audit tool for public offices. Developed within the DEEP project.
- Fair Trade in procurement – The Buy Fair Guide, offering advice on how to purchase Fair Trade products^[13]
- The Procurement Scorecard – A Blank Procurement Scorecard in Excel (as introduced in Chapter V, Section 2.1.3) for monitoring sustainable procurement implementation
- Frequently asked questions (FAQ) – A set of answers to some of the most frequently asked questions about sustainable procurement

5. A set of important reference documents

- A collection of important EU Directives and other documents

6. Contact information

- Further information on ICLEI and the contributors to the Manual
- Information on how to join Procura+, including an application form and the conditions of participation

^[11] The information on the CD-ROM is also available for download on the Procura+ website:

www.procuraplus.org

^[12] www.leap-gpp-toolkit.org

^[13] www.buyfair.org

7 ICLEI – Local Governments for Sustainability

ICLEI – Local Governments for Sustainability is an international association of local governments and national and regional local government organisations that have made a commitment to sustainable development, with nearly 500 members worldwide. ICLEI provides technical consulting, training, and information services to build capacity, share knowledge, and support local governments in the implementation of sustainable development at the local level.

ICLEI has been a pioneer in the field of sustainable procurement in Europe for over 10 years, co-ordinating numerous projects aimed at demonstrating its potential and providing practical implementation tools for public authorities. This work has culminated in the development of the Procura+ Campaign (see the following section), and this Manual.

ICLEI's Sustainable Procurement team works to support public authorities with their sustainable procurement efforts and offers a number of resources and services:

- **Campaign and Network** – in addition to the Procura+ Campaign, further advice and networking opportunities are offered by signing up to the “Buy it Green” –Network of Sustainable Procurement Professionals in Europe (BIG-Net)
- **Co-ordination of international research and pilot projects**
- **Information clearinghouse** on sustainable procurement, producing bi-monthly newsletters on activities, case studies, and guidance tools and training guides.
- **Consulting** – assistance in designing sustainable procurement policies and action plans, carrying out procurement audits, preparing environmental specifications
- **Training** – ICLEI has its own International Training Centre and can offer a number of tailor-made training services in the field of sustainable procurement
- **Conference and seminar organisation** – ICLEI has dedicated staff to set up and deliver regional, national and international conferences and seminars. ICLEI organises the EcoProcura® series of conferences – lively forums for bringing together different stakeholders and multipliers aimed at promoting sustainable procurement at a local, national and European level, and to co-ordinate future activities across Europe.

To find out more about ICLEI's sustainable procurement activities, visit our website at:

www.iclei-europe.org/procurement