

GREEN PUBLIC PROCUREMENTS (GREEN PUBLIC CONTRACTS)

1. Introduction

Green Public Procurement (GPP) is an important tool to achieve environmental policy goals relating to climate change, resource use and sustainable consumption and production – especially given the importance of public sector spending on goods and services in Europe. GPP is defined in the EC Communication "Public procurement for a better environment" as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured."

GPP can be applied to contracts both above and below the threshold for application of the Procurement Directives. The 2014 Procurement Directives enable public authorities to take environmental considerations into account. This applies during pre-procurement, as part of the procurement process itself, and in the performance of the contract. Rules regarding exclusion and selection aim to ensure a minimum level of compliance with environmental law by contractors and sub-contractors. Techniques such as life-cycle costing, specification of sustainable production processes, and use of environmental award criteria are available to help contracting authorities identify environmentally preferable bids.

National public bodies are responsible for the award and execution of the public procurement contracts and they can and must use their purchasing power to lead to the change of production and consumption standards by promoting green development as well as competitiveness and innovation.

Each year across Europe, government expenditure on goods, services and works represents around 17% of EU GDP. Inter alia, this expenditure concerns the procurement of electronic and electrical equipment, computer equipment, constructions, textiles, food, energy, paper, furniture, transport and cleaning materials.

GPP can be a major driver for innovation, providing industry with real incentives for developing green products and services. This is particularly true in sectors where public purchasers represent a large share of the market (e.g. construction, health services, or transport). GPP may also provide financial savings for public authorities, especially if the full life-cycle costs of a contract are taken into consideration and not just the purchase price. Purchasing energy-efficient or water-saving products for example, can help to

significantly reduce utility bills. Reducing hazardous substances in products can cut disposal costs. Authorities who implement GPP will be better equipped to meet evolving environmental challenges, for example to reduce greenhouse gas emissions or move towards a more circular economy.

2. What is Green Public Contracts?

Green Public Contracts are processes whereby the public sector procures goods, services or works using **green criteria** during the bid evaluation process.

Examples of green contracts

- Energy efficient computers
- Office furniture from sustainable timber
- Low energy buildings
- Recycled materials (e.g. paper, plastic, mineral oil)
- Cleaning services using ecologically sound products
- Electric, hybrid or low-emission vehicles
- Electricity from renewable energy sources

3. Institutional Framework with respect to green public contracts

- Law 3855/2010, Article 18 - Green Public Contracts
- Law 4013/2011
- COM (2008) 400 – European Commission’s Communication “Public procurement for a better environment”
- P.D. 59/2007 & P.D. 60/2007

According to the EU institutional framework, public procurement services can use environmental criteria during the call for tenders and the bid evaluation process, provided that the basic principles of transparency, equal treatment and non-discrimination are satisfied at the same time.

The European Commission has already established green criteria which can be used, inter alia, during the drafting of the calls and tenders. Examples of criteria for ten groups of products and services are provided by the European Commission, which - by virtue of their impacts on the environment or the environmental improvement limits, or their economic effect or policy or exemplary operation - have been deemed most suitable for “greening - integration of environmental dimension” in the context of Green Public Procurement.

The criteria have been created for products and fall under the following groups of products and services, while the scheduled review of the GPC and introduction of new criteria has been announced for 2018-2019, which is available at: http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

1. Gardening products and services
2. Combined heat and power
3. Office IT equipment
4. Copying and graphic paper
5. Electrical and electronic equipment in the health care sector
6. Electricity
7. Food and catering services (Under review)
8. Furniture
9. Gardening products and services
10. Imaging equipment
11. Indoor lighting
12. Office Buildings
13. Road Design, Construction and Maintenance
14. Sanitary tapware
15. Street lighting and traffic signals (Under review)
16. Textiles
17. Toilets and urinals
18. Transport (Under review)
19. Wall panels
20. Waste Water Infrastructure
21. Water-Based Heaters
22. Colors, Varnish and street paint

4. Examples of Green Procurement in Member States

Portugal

In 2016, the Intermunicipal Waste Management of Greater Porto (LIPOR) decided to repeat the tender for the concession of devices/multimedia and demand greater energy efficiency in the Tender Documents. The Contractor was selected based on the most economically advantageous bid, whereas the bids the lowest cost of the products' life cycle were better evaluated. The technical specifications of the tender called for a 10% improvement in the Energy star criteria, but the company that was awarded the tender, exceeded this requirement by offering a 38% improvement.

The success of this tender is partly associated with the broad consultation that was conducted with market operators prior to the commencement of the of the procedure which revealed innovative solution at a lower cost.

Norway

In August 2016, the Municipality of Sarpsborg repeated the tender for waste collection services encouraging participants to estimate how their bid could contribute to the Municipality's energy efficiency design and to climate change.

The requirements of the tender included the collected of pre-selected waste, the provision of collection means and the transport to specific recycling/treatment/disposal facilities. The Contractor was selected based on the most economically advantageous bid with the introduction of exclusion criteria for bidders that did not meet specific environmental and social criteria. The bid evaluation criteria included the reduction of carbon dioxide emissions, while the contractor will use two electric garbage collection vehicles which will contribute to a 60 t/year reduction of dioxide emissions. The Municipality's other 6 garbage collection vehicles will be converted to use biogas as a fuel.

Germany (Municipality of Munich)

In 2013, with the relevant decree, the Municipality of Munich demanded that half of the food that is served at child care facilities to come from organic products.

During the bidding, 50% of the food must carry organic certification with 90-100% of meat being organic, while fish must come from organic fish farms. Also established was a range of non-financial criteria for the awarding of the contracts with additional environmental criteria and social aspects. Prerequisites such as the use of re-used packaging and the use of recyclable packaging (for disposable packaging) was set for the supplier by the Municipality of Munich during the tender of the respective procurements.

Basque Country (Spain)

The Green Public Procurement Programme of the Basque Country (Basque Country GPP 2020) began in September 2016 (will run until 2020) further to a long-standing consultation that took place and was participated by operators in the public and private sector. The programme aims at the inclusion of the environmental criteria in the commonly used procurement tools by the Basque Administration.

The programme consists of a driver group, tasked with leading and coordinating the programme, which convenes on an annual basis and consists of various Basque Administrations. Each member of the driver group is expected to present the actions taken to implement green procurement in the previous year.

Spain (Barcelona)

After more than 15 years of commitment and implementation of GPC, participative manner the Barcelona City Council reviewed and developed new rules, which regulate the inclusion of sustainability criteria in public contracts. This was the result of the new municipal decision that was issued for responsible public contracts in 2013. The incorporation of green requirement is now obligatory for all operators that call for tenders for vehicles, power, food and catering services, constructions, timber and a broad spectrum of other high priority public contract categories. The monitoring systems have also been updated in many of the high priority sectors and an automatic detection system is currently being developed.

Netherlands

The report with the results of the 3-year implementation of green procurements (Green Deal on Circular procurement) for 80 pilot programs in the Netherlands, was published in July 2017. Included in the conclusions of the report are the significant opportunities of adopting circular economy criteria in public procurements. The program commenced in November 2013 and offers opportunities for cooperation of operators in the public and private sector pursuant to circular economy criteria.

Three million tonnes of CO₂ would be saved in the Netherlands alone if all Dutch public authorities applied the national Sustainable Public Procurement criteria, which include green criteria. Public sector energy consumption would be reduced by 10%.

Denmark

The City of Regensburg used GPP for the procurement of utilities, helping to save EUR 10 million on energy and water costs over a 15 year period.

Ireland

In 2012 Ireland adopted its GPP action plan entitled Green Tenders. This set targets for 50% of all procurement in eight product and service groups to be green. In 2014, the Environmental Protection Agency published a comprehensive set of criteria and guidance to help authorities meet this target. The criteria draw upon those set at EU level but take into account the specific purchasing patterns and market structure in Ireland. The guidance also addresses both EU and national environmental legislation.

Belgium

The Flemish Government in Belgium has set a target for 100% of its public purchasing to meet defined sustainable procurement criteria by the year 2020. The steps for reaching this target have been or will be set out in a series of action plans covering the years 2009-2011, 2012-2014, 2015-2017 and 2018-2020. Each action plan will contain guidance, criteria and monitoring mechanisms to ensure all government departments are able to meet this goal.

5. The dynamics of the domestic market

The adoption of green criteria during the evaluation of the procurement tenders and the services in Greece is lagging in relation to the actions taken in this direction by other EU member states. Despite the new legislative framework for public tenders harmonizes the national legal framework with community legislation, which provides public authorities with the ability to take environmental factors into account in the 2014 guidelines, little has been done in this respect.

In complete contrast with the practices of EU member states, it is observed that recycled materials are excluded from public procurement tenders regardless if they meet the required technical specifications or not.

To this end, it is deemed significant and imperative to promote the adoption of green criteria when evaluating bids in public tenders with a view to the rules of exclusion and evaluation criteria to ensure that contractors and subcontractors comply with environmental legislation at a minimum. At the same time, the adoption of green criteria in public tenders will help to promote the principles and requirements of sustainability and the circular economy.

Indicatively, it is reported that, with an estimate of the market size with respect to the lubricating oils that are consumed by public authorities per year of around 10,000, the benefits of replacing 2,500 tonnes with Regenerated Lubricants, in terms of fossil fuel energy efficiency are in the order of 22 % while greenhouse gas reduction reaches 12.6% for base oils and 15.5% for high viscosity oils (HVI base oils)¹.

6. European Action Plans for Green Public Procurement

By the end of 2015, GPP National Action Plans had been established in the following Member States:

- Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

While the following Member States have yet to establish a GPP National Action Plan:

- Estonia, **Greece**, Hungary, Luxembourg, Romania

7. GPP National Action Plan - Involved Operators

The effective implementation of GPP requires the preparation of a National Action Plan which will take into account public procurement needs, the preparedness of the Greek market and the environmental impacts. In this respect, a bi-ministerial commission for Green Public Procurements was formed in 2010, ([Synthesis](#)).

By way of Ministerial Decision 63955/239/13-6-2017, a Green Public Procurement Commission was formed for the purpose of preparing a GPP National Action Plan pursuant to the provisions of EU legislation. The action plan must be prepared by the end of 2018.

The Commission will support the prompt update of public procurers and the market in general by creating a cooperation framework, setting up working groups and coordinating the necessary actions for the drafting of the environmental criteria, such as the choice of product and services categories to which the environmental criteria will be applied.

¹ [ifeu](#) [www.ifeu.com](#) [www.ifeu.com](#) [www.ifeu.com](#) : *Updating the study Ecological and energetic assessment of re-refining waste oils to base oils Substitution of primarily produced base oils including semi-synthetic and synthetic compounds* , Nabil Abdalla, Horst Fehrenbach, Heidelberg, June 2017, ifeu

The Ministry of Environment and Climate Change (YPEN) and the Hellenic Recycling Agency (EOAN), whose services are involved in the production of recycled materials, are included in the involved operators. Lastly, the Hellenic Single Public Procurement Authority (HSPPA), which is also the regulatory authority with respect to the inclusion of the GPP criteria that have been proposed by the European Commission and the authority for preparing the public procurement tenders.

It should be noted that a study is currently being conducted on environment-friendly products and services in the Greek market in order to determine the Greek market's level of preparedness for the introduction of "green" specifications in public contracts. The study concerns the primary product and services categories that are procured by the Greek State.

Its results will contribute to the preparation of the Index and the formation of the GPP National Action Plan. Through the collaboration with Greek producers, agents and resellers the "Index of environmentally-friendly products and services" will be prepared, which will be available online to the public authorities so that they are able to identify 'green' products, services and procurers.

On 22/01/2018, with document under ref. no. DDY/3211/642 by YPEN on the "Formation and composition of a Project Management Group (PMG) to support the Bi-ministerial Coordination Commission for Circular Economy actions", a working group was formed for the preparation, operational coordination and monitoring of the Circular Economy actions at bi-ministerial level, in the context of the National Strategic Plan on Circular Economy. Its main duties include, inter alia, the Promotion of Green Public contracts and procurements.

Lastly, the Government Council for Economic Policy (GCEP) approved the public policy framework on Circular Economy as a key element of Greece's Growth Strategy by bringing the 2018-2019 National Operational Plan, which is coordinated and implemented by a special bi-ministerial group, to public consultation. The text of the national strategy on circular economy is under consultation since 24/5/2018 and includes, inter alia, implementation actions and a time schedule for green public procurements. According to the text under consultation, there is a recommendation by a former commission for the greening of 18 product groups and a study-proposal of a National Action Plan. It is recommended that it is linked to circularity by adding circular criteria. Similar work on Circular Public Procurements is also underway by the Urban Agenda Partnership on Circular Economy (EU Urban Agenda), which involves the Ministry of Economy and Development and YPEN.

8. General principles which should govern Green Public Procurement

General principles, which should govern Green Public Procurement, include:

1. The adoption of the principles of free competition with emphasis on the promotion of Circular Economy. Proposal:
 - i. The obligatory inclusion of a minimum percentage of recycled materials in Public Procurements, based on specifications
 - ii. The obligatory procurement of recyclable materials should not result in the deliberate increase in their acquisition cost.
2. Inclusion of technical specifications which will be met regardless if the materials are primary or recycled so as not to degrade the quality of the procured materials.
3. Inclusion of environmental criteria in the procedures by which the public sector procures products, services or works, by adopting green criteria during the evaluation of the bids for the procurer himself.
4. The adoption and implementation of eligibility or assessment criteria during the tendering of works, supplies and services that concern the candidate suppliers' environmental performance, the proper waste management and the implementation of certified procedure and/or waste management systems.

9. Proposals for the adoption of green criteria per case

The following EU webpage provides examples of green procurements per case in EU countries: http://ec.europa.eu/environment/gpp/case_group_en.htm, while green criteria are proposed on indicative Public procurement below.

Lubricants derived from regenerated oils

- The exclusion of regenerated lubricants by Public Procurements runs counter with the JMD 62952/5384/30.12.16 (Approval of National Hazardous Waste Management Plan) which was recently passed by Parliament and states: *“The use of treated (R9) lubricating oils shall be promoted, primarily with the removal of any impediments that arise and hamper their disposal into the market.”*
- Both the National Plan for Green Public Procurements and the Public Procurement rules must provide for the procurement of lubricants 25% of which are derived from regenerated oils.

- Public tenders for lubricants must be conducted pursuant to specific technical specifications of requested products, depending on their intended use.
- A necessary requirement for base oils and lubricants that are produced from these, is the absence of classification as a result of their potential hazard. The hazardous nature of these substances results from a higher than 3% concentration of polycyclic aromatic hydrocarbons (PAHs). This limit is adequately substantiated by a number of studies (API, CONCAWE, etc.). The proposed requirement IP 346 (Dimethyl sulphoxide extraction refractive index method), <3% is applied irrespective of the origin of the lubricant base oil and its manufacturing process, constitutes a general rule for its classification or not

Building materials / Infrastructures

- Adoption of green criteria on tendered materials taking into account the impacts of these materials throughout their life cycle
- Encourage the improvement of energy efficiency of buildings by introducing relevant criteria for the procurement of materials and equipment
- Support the implementation of standards e.g. CEN/TC 350 "Sustainability of Construction Projects" as they offer the ability to evaluate a building throughout its lifetime.
- Consideration should be given to the environmental impacts of the material, e.g. for road constructions, taking into account the whole life cycle (including durability, maintenance) of the material itself and its affect on the environmental impacts caused by the vehicles.
- Procurement of certified cement and concrete that will meet minimum green criteria

Sources:

<http://www.ypeka.gr/Default.aspx?tabid=533&language=el-GR>
http://ec.europa.eu/environment/gpp/pdf/national_gpp_strategies_en.pdf
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