

Green Public Procurement

Eco-friendly and cost-saving

What does green public procurement mean?

Each year, German contracting authorities purchase around € 300 billion worth of products ranging from pencils to city buses. This purchasing power can potentially be used to reduce environmental pollution, improve the range of environmental products and services, and promote more targeted market launches of innovative eco-friendly products. When it comes to public procurement, it's often a relatively simple matter to make a conscious decision to procure more eco-friendly products.

The aim of this fact sheet is to explain how this can be done.

Legally permitted – whatever the value of the order

Green public procurement (GPP) is possible for orders of any amount, irrespective of the upper and lower limits mandated by law. EU and national procurement law contain clear regulations on how environmental aspects can be taken into account when awarding public contracts. Some regulations even require environmental protection aspects to be taken into account. For example, all tenders in the EU for energy-related products and services and for motor vehicles are required to meet special requirements. Germany has further laws of this nature such as the Joint Decree on Procurement of Wood Products (Gemeinsamer Erlass zur Beschaffung von Holzprodukten) or the General Administrative Regulation of the Federal Government on the Procurement of Climate Friendly Products and Services (AVV Klima) and Clean Road Vehicles (AVV Saubere Fahrzeuge).

What are the benefits?

Green public procurement ...

... helps to protect the climate and the environment

Environmentally friendly products help to protect the climate, reduce the consumption of natural resources, contain fewer harmful substances and cause fewer environmentally harmful emissions. Recycled papers and cardboards that have the **Blue Angel** Ecolabel protect the forest ecosystem compared to fresh fiber papers and cardboards. In addition, energy, water and CO₂ are saved during the production. Printers and notebook computers with the Blue Angel Ecolabel support the environment and climate protection through low energy consumption and durable and recyclable construction.



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... pays off

The use of city buses with low fuel consumption or energy efficient equipment leads to lower costs. The amount of these cost savings can be easily determined during the tendering process by simply taking life cycle costs into account. Durable products also help to reduce public expenditure.

... is better for health

Low emission floor coverings reduce the levels of harmful substances in indoor air. Low-noise printers and computers are also good for users' health.

... encourages imitation

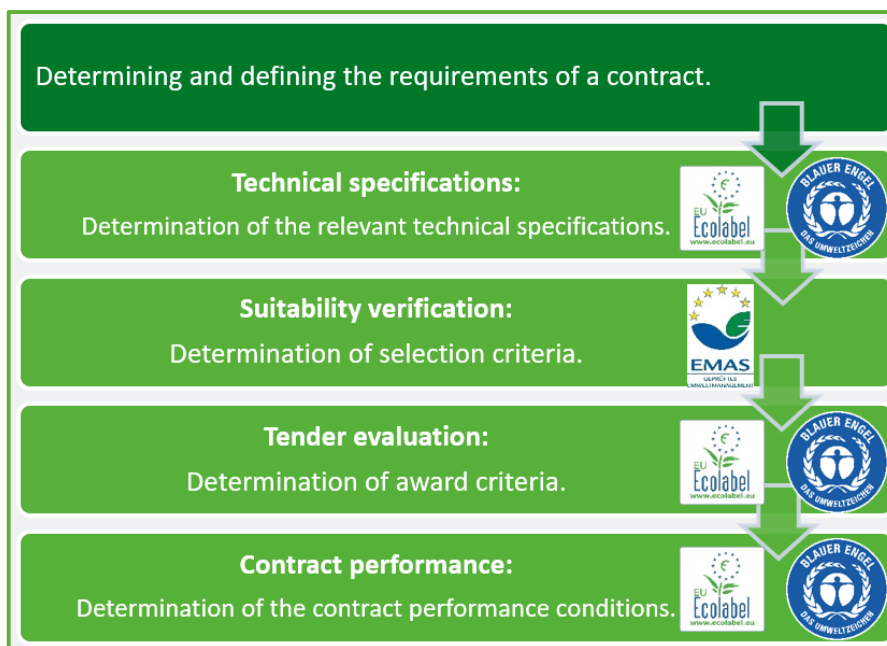
If the public sector takes environmental protection seriously in its procurement, it can credibly implement environmental policy goals. This can encourage companies and consumers to switch to environmentally friendly alternatives.

... is a driver of ecological innovation

Environmentally friendly procurement helps to launch environmentally friendly products and services on the market. These are often new products and services that make an important contribution to the ecological modernization of the economy and create markets and jobs for the future.

Making the award procedure green: How does it work?

Figure 1: Phases of a typical tendering and award procedure



Source: German Environment Agency

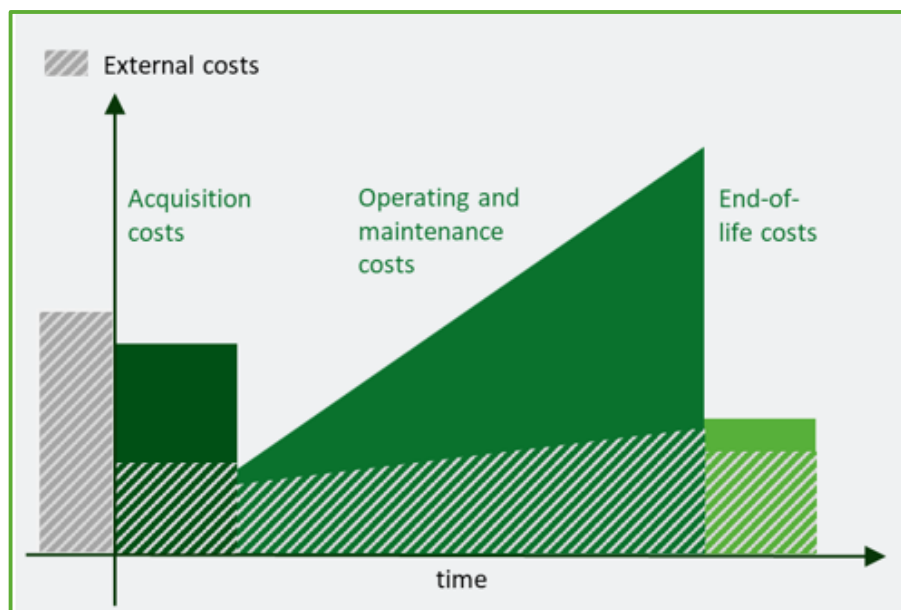
Environmental aspects can be taken into account in all phases of the award procedure: When **planning requirements**, it must be precisely analysed whether the product or service is needed at all. Alternatives such as leasing/renting or the procurement of remanufactured products are also possible instead of new purchases. When selecting the subject of the contract (**defining the requirements of a contract**), the procurer can choose an environmentally friendly alternative, i.e. the much more environmentally friendly recycled paper instead of copy paper made from virgin fibers. Federal authorities in Germany are also obliged under the Climate Protection Act

and the AVV Klima to carry out an **economic feasibility analysis**, which must include energy efficiency and a forecast of the greenhouse gas emissions caused. Environmental requirements can be included in the **technical specifications** as characteristics of the subject matter of the contract, including performance and functional requirements such as electricity requirements. The requirements may also relate to the process or method of manufacturing or providing the product or service. It is also permissible to include requirements that refer to another stage in the life cycle of the product or service of the contract, including the production and supply chain. However, the requirements must relate to the subject matter of the contract and be proportionate to its value and procurement objectives.

Bidders may be required to have an environmental management system for the **suitability verification** if the execution of the tendered contract justifies such a requirement. The contracting authority may, for example, require certification in accordance with the Eco-Management and Audit Scheme (EMAS) or other European or international standards. Other evidence of equivalent environmental management measures must also be accepted.

Contracting authorities can also include ecological criteria as award criteria in the **tender evaluation**. Examples of award criteria are energy and water consumption, recycled content and durability requirements. However, an indirect factual connection may also be sufficient, e.g. requirements for production processes and methods are permitted. The weighting of the individual criteria for awarding the contract must be specified.

Figure 2: Product life cycle costs



Source: German Environment Agency

Costs, as a contract award criterion, should be calculated based on the **life cycle costs** of the deliverables, i.e. their acquisition costs, operating and maintenance costs as well as their end-of-life costs. Furthermore, the costs arising from external effects of environmental pollution can also be included. For example, the costs of greenhouse gas emissions, including those generated during the manufacture of the product. In some cases, the consideration of life cycle costs is even mandatory, for example in the procurement of energy related supplies or services (§ 67 (3) VgV).

Environmental requirements can also be included in the **contract performance** clauses that the bidder must observe when executing the contract. Examples of this are requirements for the

delivery of goods and their packaging or the training of cleaning staff to use cleaning agents sparingly.

When formulating the technical specifications, the award criteria and the contract performance clauses, procuring authorities can refer to certain environmental labels, such as the Blue Angel and the EU Ecolabel. These can also be used as proof. Equivalent ecolabels must be accepted. In certain cases, the contracting authority must accept other suitable documents as proof of conformance (§ 34 VgV/ § 24 UVgO).



Where can I get more information?

The German Environment Agency supports public authorities in the practical implementation of environmentally friendly procurement.

The following assistance can be found at: www.beschaffung-info.de

- ▶ Concrete tender recommendations for products and services
- ▶ Advisory documents, legal opinions and training documents
- ▶ Calculation tools for life cycle costs
- ▶ Examples of good practice
- ▶ Information about new developments, deadlines, useful URLs, and a newsletter

The following entities also provide support for green public procurement:

- ▶ Competence Centre for Sustainable Procurement - www.nachhaltige-beschaffung.info
- ▶ Environment Directorate-General of the European Commission - green-business.ec.europa.eu/green-public-procurement_en
- ▶ Sustainability Compass - www.kompass-nachhaltigkeit.de/en
- ▶ The Competence Center for Innovative Procurement - www.koinno-bmwk.de/en

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