

## **Coordinating actions to achieve increased benefits from public purchasing – a Greek example**

### **Municipality of Amaroussion, Greece - Winner of the Green Public Procurement (GPP) Best Practice Award in Greece 2006**

#### **Municipal Profile**

Population: 90,000  
Land Area: 13 km<sup>2</sup>  
Municipal Budget (year): € 94.000.000 (2007)

#### **Issue Addressed**

Improving purchasing decisions to reflect the need for environmentally friendly products in line with the Municipality's Environmental Management System (EMS).

#### **Programme Name**

Procurement of green products in the framework of the implementation of an EMS and through joint bulk purchasing.

#### **Programme Goals**

Public procurement criteria were amended to purchase “green” or environmentally friendly products. Two actions were implemented to achieve this, firstly by changing the specifications of particular products, and secondly through joint procurement activities with other public and semi-public authorities to reduce the cost by increasing the demand (or quantity).

#### **Abstract**

The Municipality of Amaroussion has aligned its public procurement requirements to reflect the need for green, as specified in the Environmental Management System (EMS) and within the context of its overall efforts towards sustainability. The underlying aim is to stimulate demand for sustainable products and services.

It implemented two trial actions, starting with the revision of criteria for products and establishing a joint procurement consortium for one specific product (recycled paper) – the first such action undertaken by Greek public and semi-public authorities at local level. The municipalities in the consortium benefited from economies of scale, resulting in environmental as well as financial advantages. The joint procurement action was a pilot activity carried out within the European Union (EU) funded project, namely the Local Authority Environmental Management and Procurement (LEAP) project.

Within the context of the EMS the Municipality regularly manages information dissemination and awareness raising campaigns on environmental issues addressing the staff. As a result, the whole municipality has adopted environmentally friendly behaviour. People in charge of public procurement, as well as the rest of the staff are increasingly requesting the use of “green” products, as they realise the benefits of using such products.

The Municipality of Amaroussion was awarded for its exceptional work on purchasing environmentally friendly products using the innovative approach of joint procurement. The Municipality is considered by many as being among the few Greek local authorities with the best performance in green public procurement (GPP) issues.

## **Importance of the issue**

As public procurement amounts to over Euro 1,000 billion every year across the European Union (around 14% of EU GDP), 'greening' purchases could contribute substantially to sustainable development.

The European Commission (EC) sets the European legal framework for GPP. The former European directives (European Commission Directives 93/36/EEC, 93/37/EEC, 92/50/EEC and 93/38/EEC) did not contain any reference to the possibility to integrate environmental considerations into a public procurement procedure.

Since then, however, an Interpretative Communication was presented in July 2001, and a new set of Directives were adopted in March 2004 (Directives 2004/18/EC and 2004/17/EC), which specifically mention the possibilities for adopting environmental considerations in the various stages of the public tendering process.

## **Context of region and municipalities**

Amaroussion is a long-standing member of ICLEI – Local Governments for Sustainability, with an interest in various sustainability topics. It is one of the forerunners in the field of GPP in Greece, and supported the call of other ICLEI members in Europe to address Eco-Procurement as one of the top five issues for global action of local government in 1996. As a result of this ICLEI launched the European Eco-Procurement Initiative, including the range of EcoProcura Conferences, the “Buy it Green” Network of sustainable procurement professionals in Europe (BIG-Net) and a number of projects, such as LEAP.

## **Case description**

In most European public authorities procurement is a relatively decentralised process involving many individuals in different departments. Even where central purchasing units exist, some responsibility for procurement tends to remain with staff in other units. In such a situation it is important to ensure the implementation of green procurement using effective communication between and within departments, as well as setting clear priorities.

In an increasing number of authorities EMS are being set up to provide a useful framework for coordinating environmental improvements. An EMS is a management tool that can be used by organisations of all sizes to assess, improve, monitor and report on their environmental performance. Procedures are established to ensure that environmental improvements are on-going and that the EMS remains an appropriate and effective tool. An EMS can be applied to the provision of public authority services as well as the management of facilities and assets. It can be applied to the whole public authority or for a particular operational unit, site or function.

As public procurement is an activity with substantial consequences in terms of environmental impact, it clearly makes sense to promote the integration of green procurement actions into such management systems.

## **Amendment of specifications for the procurement of green products**

The Environmental Office in Amaroussion conducted research on the availability of green products on the Greek market. Based on this, technical specifications were determined for each product group. The main criteria set for all products, was the minimisation of the environmental impact, more specifically to:

- reduce demand of natural resources (raw and subsidiary material, energy, water) during the construction and operation of the products,;
- exclude dangerous substances as ingredients,
- be re-useable,
- be recyclable,
- use packaging material made from recycled material and that is recyclable.

Once the Council approved these specifications they were communicated to the relevant procurement departments of the Municipality. Since then procurement has been conducted using these specifications for the following products:

- Office consumables (e.g. printing paper, envelopes, folders, paper blocks and pencils)
- Printed invitations and event posters
- Electrical objects (light bulbs, cables)
- Electrical and electronic devices (such as printers, fax machines, air conditioners, computers)
- Cleaning products and sanitation
- Fertilisers
- Pesticides
- Vehicle batteries

The Environmental Office carries out surveys throughout the year to identify new “green” products that become available on the market. Every time that such a product is identified, the Environmental Office adopts the specifications accordingly and communicates the new technical specifications to the relevant procurement departments.

## **A trial case - joint procurement of recycled paper**

In the framework of the LEAP project, local authorities together with experts explored how to be more systematic in carrying out green procurement. The aim of the project was to develop tools for local authorities to systematically, effectively and efficiently deal with green procurement as part of an EMS, and to apply the tools to test joint procurement approaches involving various public authorities in a number of countries to overcome market barriers in Europe for green purchasing.

One of the joint procurement activities foreseen in this project was the development of a national Greek consortium to purchase a specific product. The intention was to purchase recycled paper in bulk with the aim of obtaining a reduced price for a greener product, thereby gaining financial and environmental advantages.

The Municipality of Amaroussion coordinated the joint procurement activity to acquire DIN A4 recycled paper, working together with 6 other Greek authorities (public and semi-public bodies):

- Municipality of Amaroussion Development Company
- Kalithea-Rhodes Sustainability Non-Profit Municipal Company
- Municipal Enterprise of Holargos
- Municipal Company of Ancient Olympia
- Municipality of Neo Psychiko Environment and Sustainable Development Company
- Municipality of Rhodes Solid Waste Management Company
- Marathonios Development Company S.A.

The minimum technical specifications chosen for recycled paper, listed below, were also used as a baseline against which offers were compared in the award stage:

- Material input: The winning bidder was required to present a certificate to demonstrate that at least 80% of the fibres were recycled. The certification schemes allowed were the Blue Angel eco-label (one of the first environment-related labels in the world for products and services) or an equivalent, or a self-declaration. Bleaching methods: Paper / fibres should not be bleached using any chlorine substances and thus be TCF (Totally Chlorine Free), according to documentation or a certificate from the manufacturer.
- Other technical specifications:
  - Whiteness level  $\geq 80$  according to ISO 2470 or its equivalent.
  - Durability  $> 100$  years, according to ISO 9706, DIN 6738 or its equivalent.
  - Compatibility with machinery (copier, laser printer, inkjet printer, fax): meeting DIN 19309, AFNOR Q11-013 standards or its equivalent.

During the planning stage, a decision was taken to use the standard procedures of the Municipal Companies of the participating municipalities, as these are less strictly regulated. In the end, it turned out that the differences in the procedures typically used by municipalities were few, but nonetheless it was enough to prevent one partner (the Municipality of Ancient Olympia) from participating in the action.

Leading the consortium required Amaroussion to prepare tender documents (tender publication document, evaluation report, contract) and conduct a market survey on prices and market availability of the product. The quantities needed (430 boxes containing 5 packages of recycled paper, each package with 500 sheets of recycled paper) were incorporated into the tender documents and submitted to the partners for their final approval. The underlying principle was that the consortium would jointly call for tender, but each consortium partner would individually sign a one-year contract with the winning contractor with the possibility to extend it.

The tender was published in newspapers at the national and local level in Greece, as well as the Official Journal of the European Union (OJEU) on 1 March 2006. A period of 20 days was given for offers to be submitted. The evaluation committee – comprised of one

representative per participating authority – met to evaluate the bids.

Only one bidder (XEROX) was able to attain the technical specifications and was awarded the tender.

## Results

- **The amendment of specifications for the procurement of green products**

Amaroussion is the first local authority in Greece that was registered under the Eco-Management and Audit Scheme (EMAS). Four selected municipal departments (including the Procurement Department) were registered under EMAS in the beginning of 2006. In the EMAS framework an environmental information dissemination and awareness campaign takes place periodically to address municipal personnel. An expected outcome of this is to have the whole municipality operating in a more environmentally friendly manner. As the benefit of green purchasing is increasingly recognised, the procurement officers and other clerks have started insisting on the procurement of other green products.

An additional benefit is the motivation of the suppliers to offer “green” products. More specifically, suppliers –that were excluded in the past from municipal procurement because their products did not meet the specifications - are now trying to offer new products which actually comply with the specifications set by the municipality.

- **Joint procurement of recycled paper**

This was the first joint procurement action of its kind undertaken by local authorities in Greece. The experience has shown the effectiveness of setting up joint green procurement consortia, and there has been significant interest from other Greek local authorities to participate and learn from this experience. The final joint procurement consortium was built by three LEAP project partners (local authorities) who organised a small campaign in order to recruit additional authorities, starting with inquiries to those authorities where there has been a history of previous cooperation.

The results were the following: One tender was published for one product (recycled paper with international best practice environmental and technical specifications), a price was offered taking into account the total quantity asked, and finally seven identical contracts were signed – one for each authority. The contracts signed were for one year with the possibility of extension under mutual agreement. The signing period lasted for about two months (April-May 2006).

Given that non-competitive prices are one of the main barriers when dealing with green products, the reduced cost achieved with the joint procurement activity is the most significant benefit. The price offered per package was €2.34. The cost for the same paper for the Municipality of Amaroussion without the JP was €2.90 per package. This represents a 19% price reduction for Amaroussion. Even more impressive was the case of Kalithea-Rhodes. In Rhodes, the amount paid for conventional paper is €2.40 per package. This means that in this case the recycled paper is less expensive than conventional paper. There is clearly excellent

potential for mutual benefit for the producers and users, as well as the environment in such an activity.

A further benefit which impacts on the staff and finances, was that administrative costs were reduced through the approach.

In addition to this, the pilot activity served to raise awareness on the potential of joint green procurement. Through the publicity, many local authorities started to show an interest in the approach, and contacted the consortium and supplier for information on the possibility of participation in similar future actions.

## **Lessons learned**

The most important experience gained by the Municipality of Amaroussion is the increased participation of its employees in their EMAS system. Currently, more and more staff members recognise the value of EMAS and are willing to cooperate towards the improvement of the environmental performance of the Municipality.

When addressing the amendment of specifications for green product procurement, the Municipality faced the situation that there were few green products available on the market. This in turn limited the number of bids received. However, it also means that local authorities, as forerunners in GPP, can guide the market according to their environmental requirements, as they usually require large quantities which can also encourage a reduction in price.

In most cases, the cost of “green” products is still somewhat higher than that of ‘conventional’ products in Greece. Small local authorities tend to purchase smaller quantities of goods, unless they can join a procurement consortium. In this case joint procurement by seven partners led to a requirement of a large quantity of recycled paper, and a good price was negotiated – to the benefit of all parties involved.

As it was the first tender opportunity of its kind in Greece several barriers were encountered. One challenge that faces all public administrations in Greece is the restrictive existing national legislation for public procurement. According to the legislation, the criteria used for awarding a contract is the lowest quoted price, regardless of the environmental impact. It is recommended, however, that the environmental impact of a product purchased also be considered when designing the award criteria for a contract and not just the price of the product. The latter uses criteria that are strongly favoured by the European Commission, that is, opting for “the most economically advantageous option”.

The public procurement process is also very time-consuming, in general. Due to these two reasons the joint procurement activity was conducted by municipal enterprises and not by the municipalities directly, as the legislation for municipal enterprises is more flexible.

The original intention was not to achieve financial gain but to demonstrate the viability and the point of such an effort. This intention was fully realised. With the new experiences, carrying out GPP will be easier, the administrative cost will probably be less and there might even be some financial gains.



## Key replication aspects

Recycled paper is an ideal product with which to introduce the concept of GPP to in Greece and probably in other countries. Requirements generally do not vary much, and spending is relatively low. As such, it represents a simple product with low financial risk, with which to test joint procurement procedures.

The market for high-quality recycled paper is not as developed in Greece as in some other European countries. As such, joint procurement may prove to be a useful market driver. This joint procurement example for recycled paper has mobilised other organisations to carry out similar procurement actions. The Municipality of Amaroussion has received an increasing number of requests to share information on the handling of joint procurement consortia and defining specifications set. The company that was awarded the tender also started receiving a greater number of requests from other local authorities on the process of participating in coordinated procurement actions.

Specific replication potential exists in the following:

- Technical specifications for the procured products: These are currently used only by Amaroussion, however, they can be made available to any interested local authority.
- Suppliers catalogue: Most of the supplier companies are established in the area of Amaroussion. (A Greek version of the supplier's catalogue is available).
- Increased sharing and moving towards standardisation: Although its benefits have been highly appreciated, joint procurement is not yet used as a standard. The main reasons for this are the complexity and time needed for coordinating such an effort (e.g. drafting and obtaining approval of common technical specifications, approval of tender documents, etc.), and the reluctance of some local authorities to adopt new approaches of procurement.
- EMAS implementation: The main experiences gained from the EMAS implementation can be summarised as follows: (i) EMAS is recognised as one of the tools in moving towards sustainable development (ii) In order to maximise their efficiency and effectiveness all management tools should be interlinked and integrated (e.g. in the case of Amaroussion integration of EMAS with ISO 9001 for quality), (iii) It is important to involve the staff in the process as early as possible, (iv) The importance of training staff should not be underestimated.

## Staff

No extra personnel or financial resources were required, since EMAS and joint procurement are implemented as part of the regular work of the Municipal Departments for the Environment and European Projects.

## Budget

It is not possible to mention specific figures at this point. On the whole, however, impressions indicate that the cost of purchasing the specific product (recycled paper) was a bit higher (6% more than that non-recycled paper), and due to the extra administrative cost for the coordination of the joint procurement, there was no overall financial gain.

## Financing

Besides the cost of the actual purchase, the rest of the GPPaction was co-financed by the LEAP project and the Municipality.

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## References

Municipality of Amaroussion – [www.maroussi2004.gr](http://www.maroussi2004.gr) (a short English description of projects is available)

Local Authority Environmental Management and Procurement (LEAP) project (EU-funded through the LIFE Environment Programme) - [www.iclei-europe.org/leap](http://www.iclei-europe.org/leap)

Eco-Management and Audit Scheme (EMAS) -  
[http://ec.europa.eu/environment/emas/index\\_en.htm](http://ec.europa.eu/environment/emas/index_en.htm)

Buying Green! A series of Workshops on GPP in Greece, Ireland, Italy, Portugal and Spain:  
[www.iclei-europe.org/gppworkshops](http://www.iclei-europe.org/gppworkshops)

European Commission Green Public Procurement website -  
<http://ec.europa.eu/environment/gpp/media.htm>

European Union Eco-label Homepage -  
[http://ec.europa.eu/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/environment/ecolabel/index_en.htm)

Tenders Electronic Daily (TED) - <http://ted.eur-op.eu.int>

International Organisation for Standardisation (ISO) - [www.iso.org](http://www.iso.org)

## Acknowledgements

European Commission (EC) - The case study has been prepared as part of the series of one-day workshops organised in several European countries on green public procurement, funded by the EC (Directorate-General Environment). Specifically, the Buying Green! Workshop on Green Public Procurement in Greece, held on 26 January 2007.

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With special thanks to Aure Adell Querol for preparatory work.

## Date Written

February 2007, ICLEI European Secretariat ([www.iclei-europe.org](http://www.iclei-europe.org)).