

## Joint Procurement of recycled paper in Portugal

Public procurement is an activity with significant impacts on the environment. Thus, it is very important that Local Authorities, as well as other public bodies, integrate green procurement actions into their management systems.

Greener Public Purchasing has been contributing a great deal towards European environmental improvement and in countries like Portugal there is a growing belief that public purchasing needs to become greener, as well.

Prices of “green products” are generally higher if purchased independently and randomly. Joint procurement (JP) actions of several authorities could change this situation. Any new product introduced to the market needs to quickly increase demand in order to achieve a return on development costs, and achieve economies of scale. The combined purchasing power of public authorities working together, can effectively provide this demand and give new environmental friendly products the helping hand they need to succeed on the market.

In the light of these facts, Almada (Portugal) decided to carry out a JP action for recycled paper within the LEAP project<sup>1</sup>, inviting other Portuguese public entities to participate in this project. This activity is still underway, with results expected in summer 2006. The case study should however prove informative in describing the experiences and milestones Almada has already gone through to implement this strategy.

### Overcoming internal barriers to setting up Joint Procurement

Due to the innovative character of JP in Portuguese Public Authorities, it was initially difficult to get all relevant people involved and motivated in the very beginning. However, Almada City Council is currently implementing an EMAS Management System in all Units and Departments, a situation that has already created a great receptiveness to this subject. Moreover, in Almada City Council the central purchasing unit, responsible for bulk buying such as paper, is involved in the coordination of EMAS certification. These circumstances facilitated the initiation of the project in Almada.

For such activities, it is essential that all staff is made aware of the need to reduce the use of resources and products that are potentially harmful to the environment and the waste produced, and at the same time, convinced about the environmental and financial benefits of JP.

In order to achieve this, several meetings were held between the Sustainable Environmental Management and Planning Department and the Procurement Unit of the Financial and Administrative Department of the City Council.

Legal support was also required in order to fully understand the legislation and regulations that surround public purchasing and determine the legal viability of applying environmental demands to products, manufacturers and suppliers.

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<sup>1</sup> [www.leap-gpp-toolkit.org](http://www.leap-gpp-toolkit.org)

## Recruiting additional authorities

Once it was decided internally to carry out a national JP action, it proved to be very difficult to encourage other public entities outside the LEAP Project to join the action.

Thus, a strong recruitment strategy to form a national consortium and therefore provide sufficient demand to make these actions effective was one of the most important preconditions to develop successful JP.

In previous actions, the main reasons given by other Local Authorities for not participating were:

- i) At that moment, they weren't intending to buy such a product.
- ii) They already had a contract framework with the suppliers of that product for several years.
- iii) An official decision to participate in the project by the Head of Department or the exact amount to be purchased could not be specified in the project time-scale.

Given this, Almada's strategy to recruit additional local authorities and set up a strong national consortium, was to choose a product of basic need for a public entity, such as paper (As with the LEAP JP activities in Greece and Spain (also included in this CD-ROM)). Otherwise, the limited character of the current purchase would have made recruiting additional participants highly unlikely.

## National market research

Once recycled paper had been selected, the environmental specifications provided by the LEAP-team were analysed and a national market survey on recycled paper was done in order to survey the availability of paper meeting those specifications in Portugal.

It was found out that there is only one national company that has a small industrial line and produces recycled office paper in Portugal. However, there are several other suppliers that import recycled paper, some of them meeting the environmental specifications.

In the table below, it is possible to compare the prices of several paper brands and verify that recycled paper is, indeed, more expensive than conventional white paper and that the national product (due to its small industrial line) is the most expensive one.

Brand	Characteristics	Price per ream (without VAT)*
Inapa tecno 75	White paper 75g	€ 1.90
Inapa Office	White paper 80g	€ 2.00
Inapa tecno green	Recycled paper Blue Angel	€ 2.15
Renova Print	Recycled paper Produced in Portugal	€ 2.50

\*Indicative data from the supplier INAPA, the biggest paper supplier in Portugal.

To build a national consortium, Almada initially looked for the responsible purchasing unit contacts of other Local Authorities in Portugal, rather than a general approach, to ensure more efficient communication with these entities. A letter was then developed outlining the LEAP Project and inviting other local authorities to participate in this JP of recycled paper.

This letter and the Portuguese LEAP leaflet were sent to several Portuguese public bodies, followed by close follow up by phone, reiterating the invitation and introducing the LEAP Project in more detail.

Almada also held a meeting for all interested organisations to explain the Environmental and financial benefits associated with the project and the procedure for joining Almada in this action.

All the entities were asked to formalize their intention to participate by email or fax.

## Model followed and contractual arrangements

In order to set up the procedure for JP, meetings with the Financial, Administrative and Legal Departments were arranged. The main purpose was to analyse Portuguese public purchasing legislation, decide on the product to be purchased, develop a time plan, look for possible supplier contacts on the national market, and list possible local authority contacts to form a national consortium.

According to National Legislation, the threshold for public tendering is €125,000. Below this amount, the “Call for Interest” procedure can and should be used. In Portugal, the public tender procedure involves several bureaucratic steps, and has associated time and financial resources. Thus, unless product quantities are large enough it is not worthwhile to tender publicly. In the table below, it is possible to see the steps of this procedure as well as the duration and costs associated with each step. Labour costs are not taken into account.

Task	Duration (days)	Costs (€)
Initial preparation	11-21	
Contract notice and clarification	23-28	~2000
Tendering	16-41	
Adjudication	18-31	
Following proceedings	~50	
<b>TOTAL</b>	<b>3-5months</b>	<b>~2000</b>

As the total amount being purchased doesn’t require public tendering, Almada has decided to follow the “Call for Interest” procedure, sending an invitation to a large number of suppliers. This procedure is simpler and doesn’t require financial costs, as can be seen in the table below.

Task	Duration (days)
Initial preparation	~20
Call for tender	15
Bids evaluation	3
Send evaluation report to all suppliers	3
Complaint period	5
Adjudication	1
<b>TOTAL</b>	<b>1.5 months</b>

## Contractual arrangements

Almada has developed drafts for a “Consortium Agreement” and the “Call for Tender”. In the first document it is stated which entity is the representative of the Consortium and which are the obligations of each entity. All entity representatives will sign one copy of this Consortium Agreement. The call for tender is the document that will be sent to the suppliers inviting them to bid. This document contains the product specifications, the amount being purchased, the delivering schedule for each entity, as well as the evaluation criteria. To develop both documents, the Financial, Administrative and Legal Departments worked together to ensure compliance with existing legislation.

Following the preparation of the drafts, a working meeting with all the stakeholders was arranged, in which all participants were asked to give their views on:

- i) The tender documents
- ii) The suppliers being contacted
- iii) The exact number of paper reams being purchased
- iv) The evaluation criteria

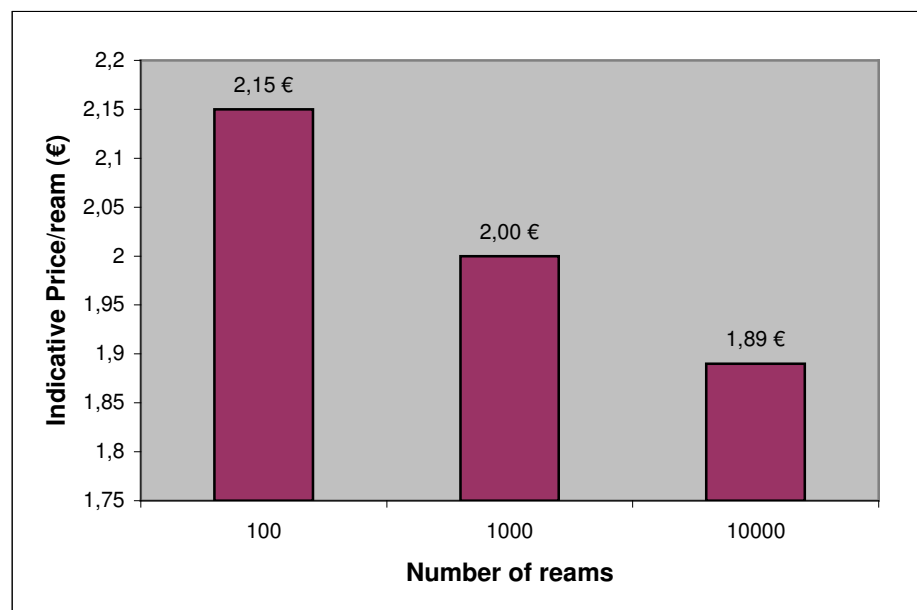
## Results and benefits

Although the tender has not yet been completed full results cannot be given. However much has already been achieved. As a result of the recruitment actions, 7 entities of different sizes have decided to join Almada in this project and the National Consortium will buy 12,950 reams of recycled paper:

Entity	Amount (reams)
Municipality of Almada	5000
Municipality of Tavira	2500
Municipality of Torres Vedras	2000
Municipality of Oeiras	2000
Tratolixo (Solid Waste Treatment Services)	1000
Municipal Water and Wastewater Services of Almada	250
Almada's Borough of Cacilhas	100
Almada's Borough of Sobreda	100
<b>TOTAL</b>	<b>12,950</b>

All the representatives of the stakeholders are at the present, signing the tender documents and afterwards Almada will be able to send call for tender to all the suppliers listed by the participants and await bids.

During the local market research, one supplier was requested for a quotation to estimate the savings the Consortium can expect. The result can be seen in the figure below:



As a result, all the entities can expect to benefit from economies of scale, particularly the smaller entities, which will have the greatest financial reward. In the table below it is possible to see the potential cost reduction for each entity, which was obtained by comparing the purchase value if buying on their own (according to each amount being purchased), with the purchase value assuming the price for over 10,000 reams purchase (1,89€).

Entity	Amount (reams)	Cost reduction
Municipality of Almada	5,000	5.5%
Municipality of Tavira	2,500	5.5%
Municipality of Torres Vedras	2,000	5.5%
Municipality of Oeiras	2,000	5.5%
Tratolixo (Solid Waste Treatment Services)	1,000	5.5%
Municipal Water and Wastewater Services of Almada	250	12.1%
Almada's Borough of Cacilhas	100	12.1%
Almada's Borough of Sobreda	100	12.1%

## Future perspectives

This is the first of many possible similar initiatives in the public sector in Portugal and has brought a great deal of enthusiasm to those initiating the action. Such types of actions introduce a new spirit of networking and partnership between the local authorities and public entities, to achieve the same goals, which is not common in Portugal.

Overcoming years of established practises is not always an easy or fast process, but the value and advantages of the current initiative have convinced the different decision-making units and has opened a whole set of possible initiatives in the short to medium future.

These initiatives will benefit from the learning gathered over the past few months and may contribute to a better environmental performance and to manage public procurement in a more responsible manner.

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